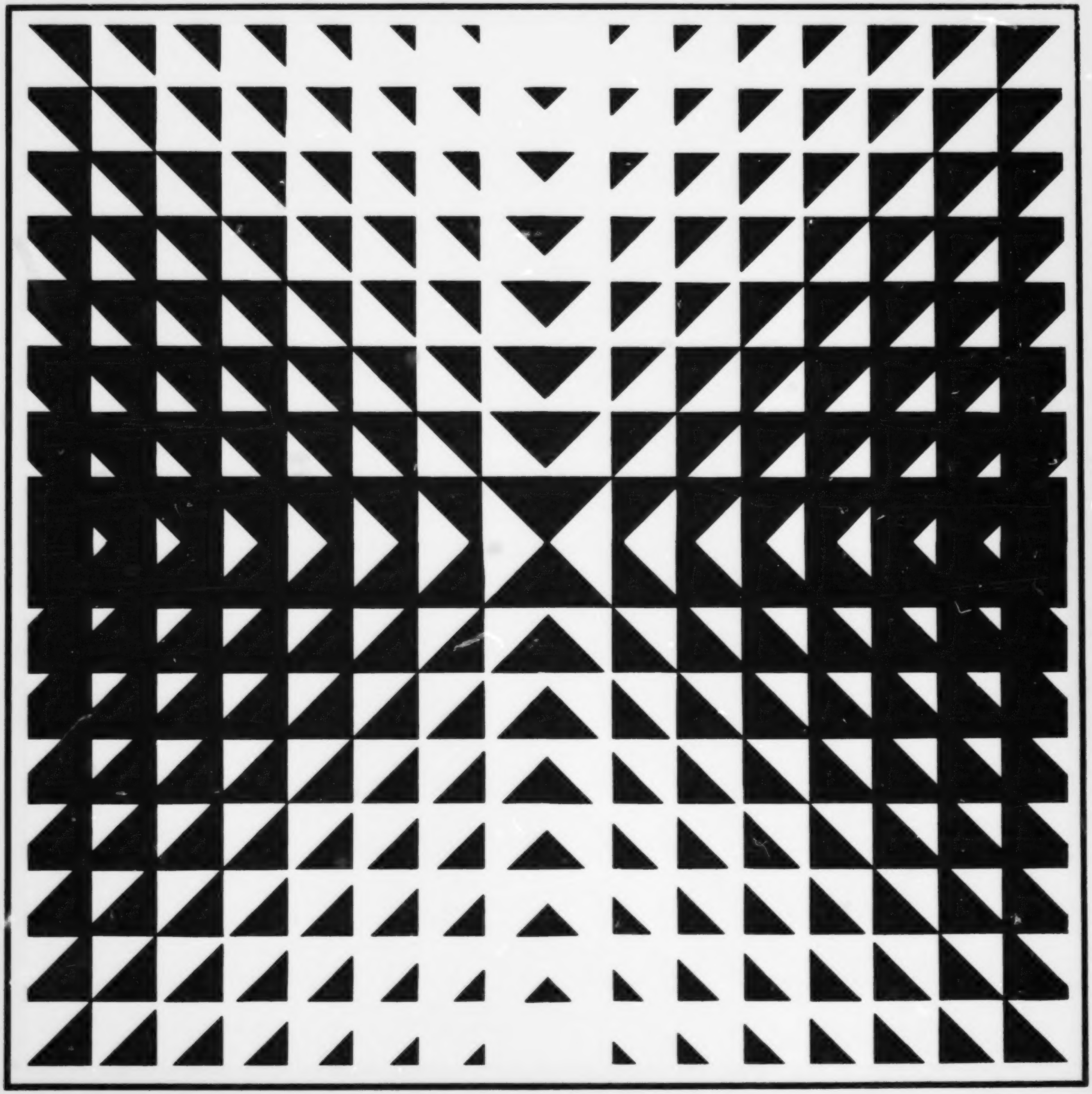
Council of Ministers of Education, Canada
Conseil des ministres de l'Éducation (Canada)
Secretary of State
Secrétariat d'État

REPORT OF THE FEDERAL-PROVINCIAL TASK FORCE ON STUDENT ASSISTANCE



REPORT OF THE FEDERAL-PROVINCIAL TASK FORCE ON STUDENT ASSISTANCE

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Federal - Provincial Task Force on Student Assistance

Groupe d'étude fédéral - provincial sur l'aide aux étudiants

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December 2, 1980

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In accordance with its mandate, the Federal-Provincial Task Force on Student Assistance herewith transmits its report.

The Task Force wishes to record its appreciation for the help it received from all those individuals, institutions and organizations who responded either to its direct requests for written submissions or to its advertisements in the daily and weekly press inviting such submissions.

It also wishes to acknowledge the oral presentations made by delegations from four national organizations at meetings held with the Task Force, as well as the valuable assistance provided to it by officials and support staff from the federal and provincial departments and ministries concerned and by the staff of the Council of Ministers of Education, Canada.

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PART I - SUMMARY AND INTRODUCTION

1. SUMMARY

After its formation was announced in October 1979, the Federal-Provincial Task Force on Student Assistance was established in February 1980 to:

- review existing federal and provincial principles and objectives concerning public financial assistance to post-secondary students with a view to determining those principles and objectives which should underlie the provisions of such assistance;
- review the adequacy and appropriateness of existing federal and provincial programs of assistance, including such concerns as accessibility to post-secondary education, the financial needs of students, student debt load, and portability and compatibility of the various forms of financial assistance;
- formulate alternatives for the continuation, modification or replacement of the existing federal and provincial government policies and programs;
- report both to the Council of Ministers of Education, Canada (CMEC) and to the Secretary of State by late fall of 1980.

The programs under review were the Canada Student Loan Program and associated provincial programs of loans and grants to financially needy students. Programs not primarily related to financial need, such as scholarships or manpower training programs, were not included in the Task Force's review.

The Task Force carried out its work, including nine meetings, by inviting submissions from interested groups and individuals, by conducting surveys, by analyzing past studies related to student aid, by examining experience in other countries and by reviewing future trends.

In examining its first responsibility, that of determining the objectives and principles which should underlie the provision of student aid, the Task Force concluded that the objectives and principles of existing programs, although not always clearly articulated, were both reasonable and generally consistent with public opinion, with the views of interest groups and with experience in other countries. The Task Force felt that the direct objective of student aid programs should be to allow all qualified, financially needy students to engage in post-secondary education without undue financial hardship.

It was further recognized that aid programs are important elements, along with other programs and policies, in achieving two other objectives:

- to improve equal opportunities of access to post-secondary education by reducing geographic, socioeconomic and other constraints on participation;

- to encourage participation in post-secondary education of all Canadians who have the potential to benefit from such participation, regardless of financial capacity.

The Task Force articulated five main principles which have guided, and which should continue to guide, student aid programs. These are:

- Student assistance programs should be designed and administered in a way that places a fair distribution of costs, benefits and responsibilities on students, on society as a whole as represented by governments and on other sources of funding. Student assistance programs should supplement, not replace, the resources students receive from their own earnings and from other sources, including a financial contribution from parents or spouses in cases where there are ties of financial support between students and their parents or spouses.

- Student assistance programs should be equitably and openly administered and information about the programs should be widely available. These programs should be administered in a way that minimizes the paperwork imposed on recipients and other non-government participants in the program, that allows easy access to the administrative process, and that protects the privacy and confidentiality of recipients and other participants.

- Student assistance programs should be administered efficiently and effectively and must recognize the fiscal and financial realities of the day. They should be administered in such a way as to foster accountability and prevent abuse or mismanagement by governments, students and other parties concerned.

- While the objectives and principles of student aid programs in all provinces must be essentially the same and allow for the mobility of students to study in other provinces, the programs should nevertheless be sufficiently adaptable to allow for special requirements that may exist in different regions and types of post-secondary education.

- Student assistance programs should, where possible and where consistent with their own objectives and within budgetary allocations, be compatible with other social, economic and educational policies, including those directed to developing a highly qualified population, to reducing regional disparities, to encouraging scholastic performance and to promoting general well-being and equity.

In addressing its second responsibility, that of reviewing the adequacy and appropriateness of existing programs (the Canada Student Loan Program and associated provincial programs), the Task Force concluded that existing programs had largely been successful in meeting their objectives and had, in general, been consistent with the principles outlined above. Aid is being effectively channelled to needy students to whom it is an important form of financial support. The programs also appear to be necessary, but in themselves not sufficient, elements in more general policies whose objectives are to encourage adequate participation rates, particularly among students from lower socioeconomic groups. Once in place, however, subsequent changes to student aid programs appear to have only a small effect on participation decisions.

The Task Force identified a number of weaknesses in existing programs that should be rectified:

- Because aid ceilings in recent years have not risen with the cost of living, a student's financial need, as calculated by a stringent means test, is not always met. Unmet need is highest among married students and single parents who must support dependents. To ensure that appropriate aid is available to students with above average needs, while at the same time providing greater control where it may be required, the present use of an arbitrary ceiling on aid should be dropped in favour of firm, annually revised and closely monitored limits and standards relating to each of the cost and resource components of the means test. That is, the allowances and limits built into the components of the means test should, to an even greater extent than now, reflect only necessary educational costs and a modest but adequate standard of living in light of costs in the area where the student lives and the type of post-secondary program in which the student is enrolled.

- While public awareness of aid programs is generally high, more information about the programs should be provided to secondary students, to parents of secondary and primary students, and to lower-income families generally.

- Although the great majority of part-time students are not in financial need, aid programs should be extended to this group to look after the legitimate financial needs of a relatively small minority of part-time students using an appropriate means test.

- While the Task Force found that the great majority of former students did not experience difficulty in repaying student loans, there should be a special procedure, separate from collection procedures, for handling cases where problems exist.

- Portability problems exist for a few students. Future programs should be neutral with respect to mobility. Students who decide to study in other provinces or abroad should not be denied the opportunity to do so because of lack of money. On the other hand, aid programs should not, in themselves, be factors in encouraging mobility when equivalent education is available locally.

- The present approach to determining whether a student is financially self-supporting (i.e., whether or not a financial contribution from parents is required) sometimes causes problems where parents choose not to make the required contribution. As well, the present criteria may not be fully responsive to changes that are taking place in perceptions of self-support. The Task Force suggests several possible ways to resolve the problem and believes that further discussion of the merits of these approaches would be desirable.

- The present range of types of aid (mainly grants and guaranteed loans with an interest subsidy) could be usefully diversified. In particular, the Task Force believes that consideration should be given to adding small-scale work-study programs (i.e. provision of on-campus part-time work to financially needy students).

- A number of changes are suggested that would simplify the administration of aid programs, making them more responsive to students, strengthening audit and periodic review and increasing visibility.

- There should be more coordination between aid programs and other government programs that also provide financial support to post-secondary students.

After examining its third responsibility, that of formulating alternatives for the continuation, modification or replacement of existing programs, the Task Force proposes five alternatives for the consideration of ministers and interested groups and individuals. In the view of the Task Force, all five generally meet all the objectives and principles of student aid. The Task Force also believes that most groups and individuals who made submissions to the Task Force would be in general agreement with at least one of the alternatives presented.

All alternatives would provide for financial need as determined by a means test that takes regional and institutional differences in cost into account. The differences among them mainly relate to cost and to emphasis on objectives and principles. The alternatives are:

- Continuation Plan: so called because it most resembles existing federal and provincial programs. It would allow students in different provinces to receive different mixes of aid as at present. However, the criteria used in determining eligibility and need would be revised and standardized.

- Loan-First Plan: the criteria for determining eligibility and need would be the same for students in all provinces; the same mix of aid would always be provided for a given level of need. Aid would be given first as a loan up to a specified level of need; further aid to a specified level would be a grant, and remaining aid beyond that point would be 50% loan and 50% grant.

- Aid Mix Related to Year of Study Plan: the same as the Loan-First Plan except that a greater proportion of aid would be in the form of grants for students in their early post-secondary years and a greater proportion of aid would be provided as loans in later years.

- Income Contingent Repayment Plan: a loan plan which uses the income tax system to link repayment to current income after graduation.

- All-Grant Plan: all aid would be non-repayable and, optionally, a parental contribution would not be required.

The Task Force identified the major advantages and disadvantages of each alternative and their cost implications. The first three alternatives would all cost about the same and each could be funded at different levels, depending on the particular combination of loans and grants used. Given a mix of loans and grants that is generally about the same as the existing mix, these three alternatives would cost the federal and provincial governments about $400 million in total in 1981-82. This would be about 15% more than the cost of existing programs, mainly because of the catch-up adjustment that is needed because existing programs have not fully kept up with increases in the cost of living. The Loan with Income Contingent Repayment Plan would be considerably more costly in the first decade of its existence, but costs would then fall. The All-Grant Plan would be the most costly of the alternatives.

The Task Force's fourth responsibility, that of reporting to the Council of Ministers of Education, Canada and to the Secretary of State, is fulfilled by the present report.

2. INTRODUCTION

2.1 The Task Force's Mandate

In February 1980, the Council of Ministers of Education, Canada (CMEC) and the Secretary of State announced the terms of reference of a Task Force to examine programs of direct financial assistance provided by both federal and provincial governments to students at the post-secondary level. The creation of the Task Force had been announced in October, 1979. The Task Force, composed of federal and provincial officials, was required to review the principles underlying existing federal and provincial assistance to financially needy post-secondary students; to review existing programs, and to formulate alternatives for the continuation, modification or replacement of these programs. The programs under examination were the Canada Student Loans Program (CSLP) together with the provincial loan, grant and bursary programs administered in conjunction with the CSLP. The press statement accompanying the terms of reference pointed out that the Task Force was to examine the total question of post-secondary student assistance in all provinces except Québec which administers its own student assistance program. However, Québec sent an observer to the Task Force and participated in Task Force activities. The Task Force was required to report to ministers by late fall of 1980. The terms of reference and the covering press release can be found in Appendix 1.

The Task Force's mandate refers to Canadian students. Foreign students studying in Canada are not now eligible for student assistance programs. Permanent residents who are not Canadian citizens are now eligible for student aid and the Task Force included this group in its review.

The mandate refers to federal and provincial programs. The territories also have student aid programs and a description of these is included in the report. In general, when the word province is used, it can be taken to include the territories as well as the provinces.

The mandate did not define post-secondary education and the Task Force therefore used the same approach as in the Canada Student Loans Program where, to be eligible for aid, a student must be enrolled in a course at a designated post-secondary institution, except for academic courses at the secondary school level offered in those designated institutions.

2.2 Definitions

The Task Force, in examining those student aid programs that relate to the financial needs of post-secondary students, referred to these as "student assistance programs", as opposed to "special assistance programs". These two categories were defined as:

- Student assistance programs - programs which provide financial aid usually in the form of loans or grants or a mix of the two (possibly in association with other forms of assistance such as work-study aid) and which are available to all post-secondary students who can establish a need for financial assistance.
- Special student assistance programs - all other assistance programs including research grants and scholarships, conditional grants and loans of various types, manpower training allowances, etc.

The determination of when a student should be considered to have left the parental family and to have gained independent status is important because parental income enters into the calculation of need only in cases of students who do not yet have independent status. The Task Force referred to that group of students, whose need should be assessed independent of parental income as self-supporting students. Those where parental income should be taken into account are non-self-supporting students.

The Task Force soon discovered there were no universally accepted terms to describe the different elements of student aid programs. For use in this report, the Task Force adopted the following definitions:

- Grant/General Bursary - Money given without a requirement for repayment to a student who demonstrates financial need.
- Achievement-Related Bursary - Money given without a requirement for repayment to a student who demonstrates financial need and has also reached a specified level of scholastic achievement.
- Guaranteed Loan - Money provided to a student who demonstrates financial need, on the understanding that the money will be repaid after termination of studies. The government guarantees the loan with the lender and may subsidize interest payments and set guidelines or regulations that ensure suitable repayment arrangements.
- Contingency Repayment Loan - A guaranteed loan where repayment is directly related to income after graduation, possibly using an income-tax related system for repayment.

- Loan with Remission/Deferred Bursary - A guaranteed loan where part or all of the amount owing is forgiven upon termination of studies, possibly if certain conditions are met.

- Work-Study - A program where money is given to an employer who provides paid work opportunities for financially needy students, usually on-campus.

- Scholarship - Money that is given to a student with a high level of scholastic achievement.

- Allowance (or Conditional Grant) - Money provided to a student as a result of a special government policy or program, including manpower training allowances, research grants, or allowances to encourage students to follow specified careers after graduation.

2.3 Work Undertaken by Task Force

The heart of the Task Force's work was its program of consultation with interested groups and with the general public. In late March and early April of 1980, the Task Force placed newspaper announcements in the daily, weekly, ethnic and student press in all provinces except Québec, calling for written views on topics within the Task Force's mandate. In addition, letters inviting submissions were sent to 500 groups and individuals with a known interest in student aid matters. These included national organizations, provincial government departments, universities and student unions. An information kit containing detailed background information describing existing federal and provincial student assistance programs was sent to these individuals and groups, and also to persons who requested further information in response to the newspaper announcement. Five hundred information kits were sent out, and the Task Force received 300 submissions and letters. The Task Force also met with representatives of selected interest groups who had prepared submissions.

In addition to seeking the views of interested groups and individuals, the Task Force sponsored three surveys. The first, a sample survey of the adult population in all provinces except Québec, asked questions relating to the public's knowledge of student aid programs and views on main student aid issues. The second survey asked the same questions of a sample of persons under the age of 35 who had themselves attended post-secondary institutions. In addition to general opinion questions on student aid issues, this second group was asked more detailed questions. They dealt with their own experiences in financing post-secondary education and with student aid programs, including benefits from receipt of student aid, and any problems they had encountered with these programs. These two surveys were conducted for the Task Force in June 1980 by Statistics Canada.

Questions were asked in 40,000 households; sample sizes were several times larger than normally used for opinion surveys. This allowed the Task Force to examine separately the views of different population groups and, particularly, to examine the views of individuals who had had some direct experience with student aid programs either as students or as parents. Québec conducted comparable surveys at the same time.

The third Task Force survey was directed to student financial aid officers in post-secondary institutions and provincial government departments. This survey, conducted in May and June, 1980, asked questions similar to those in the other two surveys.

Some of the results of these surveys are found throughout the report, particularly in chapters 4, 6 and 8. In addition, a separate statistical compendium has been compiled which includes detailed information obtained from these surveys.

As well as calling for submissions and conducting surveys, the Task Force also compiled statistical information on the operation of existing government student aid programs. It also reviewed past studies in the student assistance area, particularly Canadian studies, but also relevant work done in other countries.

During the spring and summer of 1980, the Task Force gathered the information described in the preceding paragraphs. It used this information to supplement the views expressed by interest groups and the public in its review of principles and objectives, its assessment of existing programs, and its formulation of alternatives.

2.4 Structure of the Report

This report is divided into four parts.

Part I consists of a summary and this introductory chapter.

Part II describes existing general student assistance programs and the environment in which they operate. Chapter 3 is a description of the existing programs of student aid offered by the two levels of government. Chapter 4 provides a statistical view of the operation of the existing programs and of the demand for and supply of student aid. Chapter 5 provides a more general background by describing experiences in other countries, similar federal-provincial arrangements in other fields and past studies of student aid. Chapter 6 examines opinions, complaints and recommendations made by students, interest groups and others relating to student aid.

Part III turns to the Task Force's assessment of student aid programs and policies. Chapter 7 outlines the framework which the Task Force developed to carry out its assessment. Chapter 8, in accordance with the Task Force's terms of reference, reviews the adequacy and appropriateness of existing federal and provincial programs. Chapter 9 describes the assumptions the Task Force made about trends that may influence student aid policy in the future.

Part IV of the report contains the core of the Task Force's work. Chapter 10 examines, in accordance with the Task Force's terms of reference, federal and provincial principles and objectives concerning financial assistance to students to determine those which should underlie the provision of such assistance. Chapter 11 contains the Task Force's response to that part of its terms of reference which calls for it to formulate alternatives for the continuation, modification or replacement of existing federal and provincial policies and programs. Chapter 12 summarizes the main findings of the Task Force.

PART II - DESCRIPTION

3. EXISTING PROGRAMS

3.1 Historical Background

From the beginning of post-secondary education in Canada, there has been some direct financial support to needy students, although originally only to those who demonstrated high scholastic ability. Achievement related bursaries became a recognized part of education, particularly for church related colleges. In addition, university employment, generally related to housekeeping, food services and maintenance operations, was made available to some students to help pay fees and costs of room and board.

Federal involvement in student aid began on a large scale with aid to veterans after World Wars I and II and with the Dominion-Provincial Student Aid Program (DPSAP). The latter began in 1939 and continued to 1966-67 when it was finally superseded by the Canada Student Loans Plan which had started in 1964-65. DPSAP was set up to facilitate access to university studies by students of academic merit who would be unable to attend without such financial support. The federal government made a financial contribution to each participating province, with the province being expected to provide an equal amount of assistance. Program administration was left to each province, resulting in varying forms of aid. Some provinces provided only loans, others only grants. All provinces had entered the program by 1944 although Québec withdrew in 1954 on the grounds of provincial autonomy in the realm of education. Pike (R.M. Pike, Who Doesn't Get to University and Why, AUCC, 1970 p. 133) notes that federal expenditures on the program amounted to "less than $5 million during the 25 years of existence and only a sprinkling of students (on average, less than 3,000 a year) received financial support".

At the provincial level, large scale aid was mainly introduced through the DPSAP arrangements, although Ontario had introduced a separate plan in 1943 before joining DPSAP. Most provinces eventually developed separate plans of bursaries or loans in addition to those under the DPSAP arrangements. Québec had assumed full responsibility for aid to students in its province.

The sixties saw rapid growth in the post-secondary sector and a consequent need for new approaches to student aid. The main development took place in 1964 with the introduction of the CSLP whereby the federal government took on responsibility for providing guaranteed loans to all students who demonstrated need, with the provinces administering the program under jointly agreed-upon administrative criteria. The CSLP was revised several times, mainly to keep the amount of aid provided in line with inflation, and provincial and territorial governments introduced a variety of associated and supporting programs of grants, loans, and loan remissions.

The main themes in the history of student aid in Canada have been:

- provincial responsibility for administering aid regardless of source of funding and consequent diversity in provincial programs;

- a growth in the federal role in financing and coordinating aid, but with Québec opting out of joint arrangements;

- a growth in the size of aid programs which has somewhat imperfectly followed the overall growth of the post-secondary sector;

- a gradual shift to basing aid on need alone rather than on merit. DPSAP marked a transition by providing aid to students who demonstrated both need and merit. The CSLP operates, by and large, on the basis of need alone;

- the development of reliance on guaranteed loans. The CSLP, which now makes guaranteed loans a major feature of aid in most provinces, was preceded by direct loan plans which operated in Ontario, Québec and Alberta.

3.2 The Twelve Student Aid Packages

From the perspective of the post-secondary student, there are 12 quite different student assistance packages in Canada, one for each province and territory. In all provinces except Québec, those packages include a mix of aid provided from the federal government's Canada Student Loans Program (CSLP) and from provincial government loan, grant and/or bursary programs. Students cannot apply directly to the federal government for a CSLP loan; all programs are administered entirely by the provincial and territorial governments. Québec administers its own program which is similar to the other eleven.

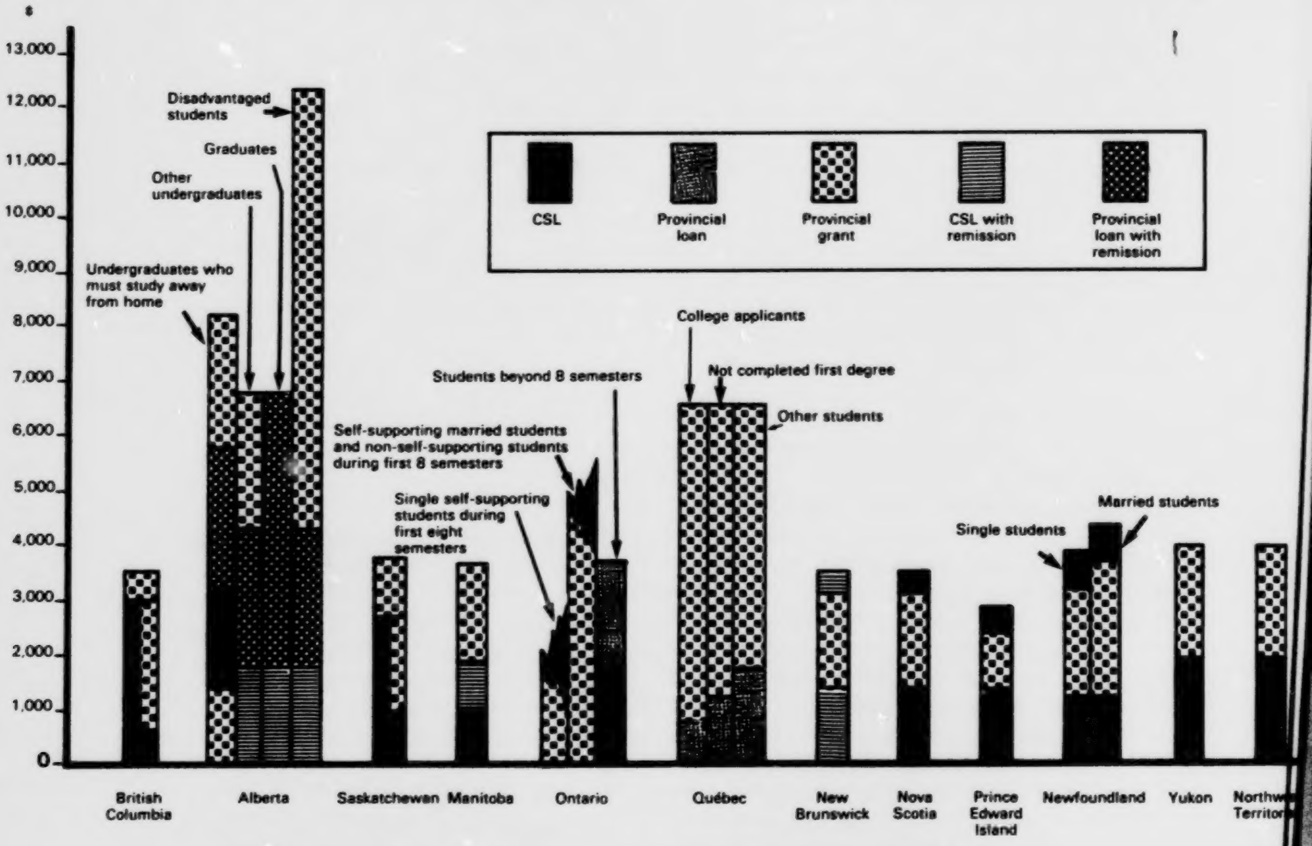
The first step in seeking assistance under all 12 aid packages is for students to apply to a provincial or territorial government for aid and provide information about their financial resources and needs. The province or territory then determines the amount of aid for which the student is eligible, based on assessed financial need, and provides that aid either as non-repayable grant or bursary (provided by provincial programs) or as an authorization for a guaranteed loan (either from the CSLP or a provincial loan program or both) or a mix of non-repayable and repayable aid. If the aid is in the form of an authorization for a guaranteed loan, the student then negotiates the loan at a bank or other commercial lending institution. The government responsible pays interest on the loan while the student is at school and for a short period thereafter, and guarantees repayment to the lending institution. There are a number of variations on this basic pattern. For example, in some provinces there are programs that forgive or remit part of the loan when a student graduates. British Columbia has a work-study element in its aid package.

While the 12 student aid packages are independently administered by the province or territory concerned, basic administrative criteria agreed to by the provinces and the federal government promote coordination. However, provinces may choose to use more stringent criteria in practice. A body known as the CSLP Plenary Group, composed of provincial, territorial, and federal officials, meets annually to formulate recommendations regarding such terms as "need", "full-time student", or "post-secondary institution". The Plenary Group also recommends residence requirements, rules for assessment, verification procedures and guidelines in a number of other areas which are necessary to ensure reasonably equitable treatment of applications under the national program. These criteria are reviewed annually in light of experience and of changes in educational patterns. After approval by governments the criteria are used for processing applications in the year concerned. Although Québec does not participate in the CSLP, it is represented in the Plenary Group; while it is not bound by the criteria, it has adopted certain elements of the CSLP criteria, such as residency rules, and provides a similar assessment program.

The mix of grants, loans and other program elements provided by the 12 aid packages is somewhat complex, making concise description and comparisons difficult. Take, for example, the 1980-81 student assistance package that applies in New Brunswick. If a needs assessment indicates that a student in that province is eligible for aid of $1,400 or less, the student receives all of that aid in the form of a guaranteed loan. If a student is eligible for an amount over $1,400 but less than $3,100, the student receives the first $1,400 as a guaranteed loan and the balance as a general bursary. If a student is eligible for more than $3,100, he or she receives the $1,400 loan, plus a $1,700 general bursary plus the remainder also in the form of a guaranteed loan, up to the provincial program maximum of $3,500. In addition, New Brunswick has a loan remission plan that reduces the outstanding guaranteed loan when the student completes his or her studies. Remission is calculated on a graduated scale of the amount of the total loan debt in excess of $3,000. The maximum rebate over the first four years of post-secondary education is $2,250.

The 12 aid packages are described in Exhibit 1. The chart included in the exhibit is of particular interest in that it allows a rough comparison of the mix of aid that students with the same need level would receive in different provinces. For example, if a student were eligible for $1,000 in aid, reading across the chart, it can be seen that in British Columbia, the student would receive a guaranteed loan of $800 and a grant of $200 (i.e. the first $600 is a CSL as is half of the remaining $400; the other half of the $400 is provincial grant). An eligible undergraduate in Ontario would receive the $1,000 as a grant while Ontario graduate students (and others not eligible for the Ontario program) would receive both a Canada Student Loan and an Ontario student loan as a supplement if the CSL did not fully meet need.

Exhibit 1 Maximum amount of aid for typical students studying in home province, by province and territory, by type of aid, 1980-81



DESCRIPTION OF MAIN PROGRAMS, 1980-81

British Columbia: First $600 of need is CSL, remaining need to $3000 is half grant, half CSL. Additional to $3500 is grant. Also a work-study component.

Alberta: 1. For non-self-supporting undergraduate students who must live away from home, of the first $5700 of need, $1400 is a grant and the remainder is CSLP and provincial loans with remission. The remaining need to $8200 is a grant.

2. Other undergraduate students: first $1800 is CSL with remission, next $2500 is provincial loan with remission; remaining need to $6800 is a grant.

3. Graduate students and students in professional fields: first $1800 of need is CSL with remission, remaining need to $6800 is provincial loan with remission.

4. For disadvantaged students, the first $4300 of need is (depending on circumstances), CSL and provincial loans with remission.

Remaining need to $12,800 is a grant.

Saskatchewan: First $1000 of need is a CSL, next $1600 of need is half grant and half CSL; remaining need to $3600 is grant.

Manitoba: First $930 of need is CSL, next $870 of need is CSL with remission, remaining need to $3600 is grant. Maximum remission is $870 which reduces grant maximum by $870.

Ontario: 1. Single self-supporting students in first eight semesters: all need up to $1000 a semester is a grant. CSL for those who do not meet strict grant criteria.

2. Other students in first eight semesters: all need up to $2500 a semester is a grant. CSL for those who do not meet strict grant criteria.

3. Students not in first eight semesters: first $1800 of need is CSL, remaining need to $3600 is provincial loan.

Québec: 1. College applicants: first $810 of need is provincial loan, remaining need to $6500 is a grant.

2. First degree not complete: first $1140 of need is provincial loan, remaining need to $6500 is a grant.

3. Other students: first $1625 of need is a provincial loan, remaining need to $6500 is a grant.

New Brunswick: First $1400 of need is CSL with remission, next $1700 of need is grant, remaining need to $3500 is CSL with remission. Maximum remission is $2250.

Nova Scotia: First $1400 of need is CSL, next $1700 of need is a grant, remaining need to $3500 is CSL.

Prince Edward Island: First $1400 of need is CSL, next $1000 of need is a grant, remaining need to $2800 is CSL.

Newfoundland: 1. Single students: First $1150 of need is CSL, next $2000 of need is a grant, remaining need to $3800 is CSL.

2. Married students: First $1150 of need is CSL, next $2500 of need is a grant, remaining need to $4300 is CSL.

Yukon: First $1800 of need is CSL and there is a separately administered grant to $2100 (that is, the student can apply for both).

Northwest Territories: First $1800 of need is CSL and a separately administered bursary to $2000 and a travel and tuition grant.

3.3 Canada Student Loan Program (CSLP)

To this point, the chapter has described the student aid packages essentially from the perspective of the applicant. It now turns to a review of the constituent programs that make up these aid packages. The CSLP is a part of the aid package in nine of the 10 provinces and in both territories.

The stated purpose of the CSLP is to provide loan assistance towards meeting the costs of full-time study at the post-secondary level of education as a supplement to other resources available to students from their own efforts, their families, and other student awards.

Literature describing the CSLP states that the following factors underlie its administrative processes:

- The responsibility for the costs of post-secondary education to the individual student remains primarily with the student and/or the parent (guardian or immediate family).
- Governments at all levels are interested in supplementing family-student resources and any resources received through educational institutions or other sources where needed, and thus in assisting all qualified students in reaching their educational potential.
- It is desirable that the concepts and criteria used by governments and institutions in determining the need for loans, bursaries and other forms of assistance to students be coordinated within a province by the provincial authority concerned.
- It is desirable to coordinate among the provinces the concepts and criteria of need applied in administering federal assistance in this field in order to ensure equitable treatment of all applications.

A description of the criteria used to determine eligibility and need under the CSLP is found in Appendix 2.

As previously noted, Canada Student Loans are obtained by students from financial institutions. The federal government pays the interest on the loans during the period when the student is enrolled in a post-secondary institution and for six months thereafter. At the end of that period the student must enter into an agreement with a commercial lending institution to repay the loan over a period which is not to exceed 9 1/2 years at a rate of interest set annually and which is related to general borrowings made by the federal government.

As of June 30, 1979, $677,819,795 in CSL loans were outstanding. The government was paying interest on loans that totalled $347,439,187 (51%) while borrowers were paying interest on loans that totalled $330,380,608 (49%). The federal CSLP budget in 1979-80 consisted of:

	$	% of Total
Interest payments on CSLP loans	32,064,000	44
Payments covering loan defaults	12,964,000	18
Alternate payment to Québec	21,670,000	30
Service fees paid to other provinces	1,303,000	2
Internal administration	4,533,000	6
Total	$72,534,000	100%

Over the entire period 1964-80, about $1.5 billion in CSLP loans have been negotiated by students.

3.4 Provincial Programs

In all provinces except Québec, the provincial governments supplement the CSLP with provincial programs such as bursaries, grants, loan remissions, and loans. Québec has its own loan and grant system. Because the provinces use mainly administrative criteria developed by the CSL Plenary Group in their own programs, it is necessary only to describe the major differences from the CSLP criteria. Such differences exist because provinces can impose tighter criteria, because some of the national criteria allow more than one option, and because in some areas (particularly relating to the treatment of assets), the national criteria are not specific.

Appendix 3 describes the main differences in the criteria used in each province and territory. It also outlines the supplementary aid programs which exist in a number of provinces to provide additional aid for those who may not be eligible for the CSLP or to meet particular needs identified in that province. British Columbia, for example, has a Special Assistance Program for those not qualifying under the regular programs and a work-study program that provides suitable paid work for financially needy students.

Exhibit 1, above, illustrates and describes the mix of loans and non-repayable aid in the provincial and territorial programs.

There are also differences among provincial and territorial programs with respect to portability, that is, the extent to which a student who resides in one province can obtain aid to study outside that province. The CSLP was designed to provide portability anywhere in and outside Canada when approved by provincial authorities. Most provinces place some restrictions on portability for undergraduate study outside their province for their own assistance plans but approve it for CSL. Most permit portability within Canada when a program is not available in the home province, and most permit full portability for graduate study.

Over the period 1964-80, about $600 million in provincial loans have been negotiated by students and about $1.225 billion have been provided in the form of grants and remissions.

4. A STATISTICAL PERSPECTIVE

Section 4.1 describes the operation of existing aid programs, indicating their cost to governments and information on who received aid. Section 4.2 describes the characteristics of aid recipients. Section 4.3 compares the characteristics of loan recipients with the general post-secondary population.

4.1 The Operation of Existing Aid Programs

The federal and provincial governments together spent $279,777,000 on aid to financially needy post-secondary students in 1979-80. This represented about 5% of total spending on post-secondary education by all levels of government, or the imputed equivalent of somewhat over $450 for each full-time post-secondary student in Canada (including students who received aid and those who did not).

The total expenditure was divided as follows:

	Expenditures, both levels of government, 1979-80	Percent
Grants and bursaries...............	$176,283,000	63
Interest on CSLP and provincial loans..................	49,881,000	18
Payments covering loan defaults....	15,888,000	6
Loan remissions....................	18,618,000	7
Other direct payments to students..	5,570,000	2
Internal administrative costs......	13,538,000	5
Total	$279,777,000	100%

In summary, 70% of all expenditure was in the form of direct, non-repayable aid to students, either as grants or loan remissions. Some 24% of expenditure was directed to meeting the cost of loan programs, whether in the form of interest subsidies or the cost of loan guarantees. The remaining 7% was the cost of special aid programs and general internal overhead.

Exhibit 2 shows how these expenditures were divided among the federal and provincial governments concerned. Note that the exhibit, referring to 1979-80, reflects a somewhat different mix of aid than did the description of 1980-81 programs referred to in Chapter 3. For example, the exhibit shows loan remissions in Ontario and loan interest payments in Nova Scotia, reflecting programs not currently in place. On the other hand, the grant program recently introduced in Alberta is not reflected.

Exhibit 2 shows that the federal government contributed 18% of the direct costs of student aid in 1979-80 with the provinces contributing 82%. However, in addition to the direct costs of CSLP loans, the federal government also provided an alternative payment to the province of Québec, which opted out of the CSLP, and a service fee to provinces to help offset their costs of administering the CSLP. When these transfers are taken into account, the federal share of the costs came to 26% and the provincial share was 74%.

Expenditures by both levels of government on needs-based programs, 1979-80 (adjusted for inter-governmental transfers)

	Total expenditure $	Federal share of expenditure %	Provincial share of expenditure %
Newfoundland	6,506,000	28	72
Prince Edward Island	1,104,000	47	53
Nova Scotia	8,741,000	37	63
New Brunswick	6,397,000	41	59
Québec	92,853,000	23	77
Ontario	113,540,000	24	76
Manitoba	7,000,000	27	73
Saskatchewan	4,806,000	42	58
Alberta	18,522,000	28	72
British Columbia	20,307,000	30	70
Total	$279,777,000	26%	74%

There have been marked changes over time in the federal and provincial shares in the cost of aid programs. Exhibit 2 shows that, in 1965-66, the year following the introduction of the CSLP, provincial grant programs were still relatively small and the total federal share of the expenditures was 50%. With the growth of provincial programs, the federal share fell to 31% in 1970-71. In more recent years, the shares of the two governments have been more stable.

Comparisons among provinces are easier when the total expenditure data are expressed on a per capita basis.

Expenditures by both levels of government on needs-based programs, 1979-80 (adjusted for intergovernmental transfers) per full-time post-secondary student in the province

Newfoundland	$755
Prince Edward Island	$523
Nova Scotia	$429
New Brunswick	$504
Québec	$434
Ontario	$511
Manitoba	$366
Saskatchewan	$290
Alberta	$384
British Columbia	$422
Canada average	$457

Exhibit 2 Total estimated expenditure by federal and provincial governments on aid to post-secondary students, needs-based programs by province 1979-80 and Canada by years

	Canada	Nfld.	P.E.I.	N.S.	N.B.	P.Q.
Expenditure on non-repayable aid 1/						
Federal expenditure in $000s	-	-	-	-	-	-
Provincial expenditure in $000s	194,900	4,413	594	5,292	3,679	71,562
Total expenditure in $000s	194,900	4,413	594	5,292	3,679	71,562
Expenditure on repayable aid 2/						
Federal expenditure in $000s	45,028	1,622	427	2,907	2,304	-
Provincial expenditure in $000s	20,742	-	-	-	-	17,623
Total expenditure in $000s	65,770	1,622	427	2,907	2,304	17,623
Other expenditure on student aid 3/						
Federal expenditure in $000s	4,533	163	43	293	232	-
Provincial expenditure in $000s	14,574	308	40	249	182	3,668
Total expenditure in $000s	19,107	471	83	542	414	3,668
Total expenditure on student aid, excluding transfers						
Federal expenditure in $000s	49,561	1,785	470	3,200	2,536	-
Provincial expenditure in $000s	230,216	4,721	634	5,541	3,861	92,853
Total expenditure in $000s	279,777	6,506	1,104	8,741	6,397	92,853
Federal share as a % of total expenditure	18%	27%	43%	37%	40%	-
Provincial share as a % of total expenditure	82%	73%	57%	63%	60%	100%
Federal transfers to provinces 4/ in $000s	22,973	51	38	84	75	21,670
Share of total expenditure, including transfers						
Federal share as a %	26%	28%	46%	38%	41%	23%
Provincial share as a %	74%	72%	54%	62%	59%	77%

	Ont.	Man.	Sask.	Alta.	B.C.
Expenditure on non-repayable aid 1/					
Federal expenditure in $000s	-	-	-	-	-
Provincial expenditure in $000s	84,009	3,137	2,613	7,035	12,565
Total expenditure in $000s	84,009	3,137	2,613	7,035	12,565
Expenditure on repayable aid 2/					
Federal expenditure in $000s	24,187	1,643	1,774	4,686	5,478
Provincial expenditure in $000s	-	1,373	-	1,746	-
Total expenditure in $000s	24,187	3,016	1,774	6,432	5,478
Other expenditure on student aid 3/					
Federal expenditure in $000s	2,435	165	179	472	551
Provincial expenditure in $000s	2,909	682	240	4,583	1,713
Total expenditure in $000s	5,344	847	419	5,055	2,264
Total expenditure on student aid, excluding transfers					
Federal expenditure in $000s	26,622	1,808	1,953	5,158	6,029
Provincial expenditure in $000s	86,918	5,192	2,853	13,364	14,278
Total expenditure in $000s	113,540	7,000	4,806	18,522	20,307
Federal share as a % of total expenditure	23%	26%	41%	28%	30%
Provincial share as a % of total expenditure	77%	74%	59%	72%	70%
Federal transfers to provinces 4/ in $000s	655	59	60	118	163
Share of total expenditure, including transfers					
Federal share as a %	24%	27%	42%	28%	30%
Provincial share as a %	76%	73%	58%	72%	70%

	1979-80	1978-79	1977-78	1976-77	1975-76	1970-71	1965-66
Expenditure on non-repayable aid 1/							
Federal expenditure in $000s	-	-	-	-	-	-	-
Provincial expenditure in $000s	194,900	165,892	152,896	125,587	114,707	57,797	1,594
Total expenditure in $000s	194,900	165,892	152,896	125,587	114,707	57,797	1,594
Expenditure on repayable aid 2/							
Federal expenditure in $000s	45,028	52,733	39,836	30,406	32,597	21,200	1,579
Provincial expenditure in $000s	20,742	16,136	14,713	12,987	10,590	5,995	-
Total expenditure in $000s	65,770	68,869	54,549	43,394	43,188	27,195	1,579
Other expenditure on student aid 3/							
Federal expenditure in $000s	4,533	3,958	3,585	2,736	2,934	1,907	142
Provincial expenditure in $000s	14,574	13,892	13,535	11,652	10,398	6,205	1,846
Total expenditure in $000s	19,107	17,850	17,120	14,388	13,332	8,112	1,988
Total expenditure on student aid, excluding transfers							
Federal expenditure in $000s	49,561	56,691	43,421	33,142	35,531	23,107	1,721
Provincial expenditure in $000s	230,216	195,920	181,144	150,226	135,695	69,997	3,440
Total expenditure in $000s	279,777	252,611	224,565	183,369	171,227	93,104	5,161
Federal share as a % of total expenditure	18%	22%	19%	18%	21%	25%	33%
Provincial share as a % of total expenditure	82%	78%	81%	82%	79%	75%	67%
Federal transfers to provinces 4/ in $000s	22,973	16,674	13,063	13,980	12,576	5,768	851
Share of total expenditure, including transfers							
Federal share as a %	26%	29%	25%	26%	28%	31%	50%
Provincial share as a %	74%	71%	75%	74%	72%	69%	50%

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1. Grants, loan remissions.
2. Interest subsidies on loans, loss claims less recoveries, etc.
3. Other direct payment to students, internal overhead.
4. Alternate payment to Quebec, service fees to other provinces.

The next set of tables refers to the year 1978-79, rather than 1979-80.

Looking at the way the 1978-79 expenditures were distributed, we find that the $150 million expenditure on grants went to 130,000 students, an average of $1,158 per student. The $69 million spent on direct support of guaranteed loans reached, of course, a relatively larger number of students. It allowed 120,000 students to negotiate CSLP loans averaging $1,209 each and 93,000 students to negotiate provincial loans with an average value of $837.

Aid received by students, 1978-79

	Total amount	Number of students aided	Average per student aided
Provincial grants and bursaries	$149,869,517	129,448	$1,158
Provincial loan remissions	$ 16,214,981	23,209	$ 699
CSLP loans negotiated	$147,903,885	122,305	$1,209
Provincial loans negotiated	$ 78,041,007	93,234	$ 837
Other direct aid	$ 5,397,223	10,932	$ 494

Exhibit 3 provides a provincial breakout of these totals. It is not possible to use this table to determine the total number of students receiving aid since many students receive more than one kind of aid. A mix of loans and grants is the norm in most provinces. However, it is possible to examine the largest components - loans and grants - separately. For example, in 1978-79, 194,000 students, or 31% of the full-time post-secondary population, received either a CSLP or a Québec loan. This figure would be only marginally higher if other provincial loans were taken into account since they are often given as supplements to the CSLP. There was a reduction during the seventies of the percentage of the student population who received aid in the form of loans. The average size of individual loans has grown but at a rate less than increases in the Consumer Price Index. When calculated in constant dollars in order to adjust for inflation, there has been a downward trend in the average size of loans.

Exhibit 3(a) Aid received by post-secondary students, by type of aid, by provinces, 1978-79

	CSLP loans negotiated			Provincial loans negotiated *			Provincial loan remissions			Provincial grants/ bursaries **			Other provincial programs ***		
	Total amount	Number of students	Average per student	Total amount	Number of students	Average per student	Total amount	Number of students	Average per student	Total amount	Number of students	Average per student	Total amount	Number of students	Average per student
	$		$	$		$	$		$	$		$	$		$
B.C.	19,627,914	14,870	1,320	-	-	-	-	-	-	9,759,605	11,564	844	378,883	676	560
Alberta	17,950,438	12,177	1,474	6,904,923	8,472	815	6,089,133	8,472	719	-	-	-	3,366,234	8,344	403
Saskatchewan	7,586,600	5,322	1,425	-	-	-	-	-	-	2,773,814	4,430	626	-	-	-
Manitoba	6,907,385	4,613	1,497	-	-	-	1,272,876	2,491	511	1,718,975	3,032	567	202,830	200	1,014
Ontario	70,232,596	66,313	1,059	13,888,654	13,461	1,031	8,420,191	9,721	866	70,569,068	53,880	1,310	427,736	1,114	384
Quebec	-	-	-	57,247,430	71,301	803	192,667	2,219	87	53,419,000	43,283	1,234	912,404	536	1,702
New Brunswick	8,011,685	6,121	1,309	-	-	-	240,114	306	785	2,875,680	3,885	740	-	-	-
Nova Scotia	10,714,955	7,577	1,414	-	-	-	-	-	-	4,592,800	5,601	820	-	-	-
P.E.I.	1,659,660	1,207	1,375	-	-	-	-	-	-	530,860	754	704	-	-	-
Newfoundland	4,798,139	4,106	1,169	-	-	-	-	-	-	3,629,715	3,019	1,202	109,136	62	1,760
Total ****	147,903,885	122,305	1,209	78,041,007	93,234	837	16,214,981	23,209	699	149,869,517	129,448	1,158	5,397,223	10,932	494

Exhibit 3(b) Aid received by post-secondary students, by type of aid, Canada, by years

1978-1979	147,903,885	122,305	1,209	78,041,007	93,234	837	16,214,981	23,209	699	149,869,517	129,448	1,158	5,397,223	10,932	494
1977-1978	134,642,048	114,675	1,174	59,862,306	79,071	757	9,289,726	18,642	498	143,868,624	149,723	961	4,714,215	9,358	504
1976-1977	160,895,273	140,748	1,143	50,762,066	70,728	718	9,801,836	19,991	490	115,946,665	141,787	818	4,076,417	8,940	456
1975-1976	148,431,800	142,735*	1,040	39,838,377	62,961	633	5,391,625	13,493	399	109,315,095	134,346	814	3,530,262	8,014	441
1974-1975	121,044,556	130,996*	924	31,597,016	61,808	511	3,201,664	13,000	246	94,892,662	137,043*	692	2,460,951	6,118	402
1973-1974	108,719,317	117,452*	926	33,104,212	59,413	557	3,304,200	13,100	252	72,526,274	109,615*	622	1,974,988	6,038	327
1972-1973	102,297,807	113,760*	899	35,723,318	64,932	550	1,105,844	-	-	55,007,944	97,706*	563	1,573,492	4,442	354
1971-1972	87,456,907	120,147*	728	40,502,337	73,247	553	1,595,731	-	-	59,163,654	104,493*	566	917,743	3,511	261
1970-1971	86,077,672	127,024*	678	33,371,293	66,061	505	-	-	-	57,797,355	108,816*	531	6,190,962	20,639	300
1969-1970	78,095,872	113,574*	688	31,164,678	61,510	507	-	-	-	46,659,674	98,676*	473	5,705,822	21,143	270
1968-1969	63,862,586	100,110*	638	29,071,832	55,508	524	-	-	-	38,099,849	81,871*	465	4,159,392	15,614	266
1967-1968	57,260,885	84,419*	678	21,929,653	47,084	466				30,664,926	68,761*	446	2,527,046	10,261	246
1966-1967	40,481,751	59,309*	682	27,033,144	51,823	522				7,979,564	23,135	345	2,253,725	8,757	257
1965-1966	34,647,776	48,029*	721	701,073	1,943	361				1,593,745	5,345	298	1,760,557	7,107	248
1964-1965	25,719,379*	39,248*	655	691,450	1,653	418				357,977	2,293	156	1,076,707	5,454	197

* Data on number of students and amounts were not recorded by all provinces or Canada for these years. These estimates are based on related data.

** Main provincial programs usually administered in association with CSLP.

*** Other programs that provide general aid based on student financial need such as bursaries for part-time students.

**** Yukon and Northwest Territories are included in Canada total.

Students negotiating CSLP and Québec loans

	Number of students	Number of students as a percent of all post-secondary students	Average amount per student current $	Average amount per student estimated constant 1971 $
1978-79	193,606	31	1,060	576
1976-77	203,246	34	1,012	653
1974-75	184,178	33	804	609
1972-73	165,569	32	786	721
1970-71	177,844	37	641	661
1968-69	149,443	38	606	659
1966-67	108,886	35	729	858

The number of students receiving non-repayable aid in the form of grants and loan remissions grew until the mid-seventies and then levelled off. The average size of grants and remissions has been rising in actual dollars but, in constant dollars, has shown no clear trend during the seventies.

Students receiving provincial grants and loan remissions

	Number of students	Number of students as a percent of all post-secondary students	Average amount per student current $	Average amount per student estimated constant 1971 $
1978-79	110,368	18	1,019	554
1976-77	124,226	21	704	454
1974-75	118,909	21	602	456
1972-73	71,442	14	515	472
1970-71	80,641	17	541	558
1968-69	54,164	14	478	520
1966-67	23,135	7	345	406

4.2 Aid Recipients

As noted above, the program-based statistics in the preceding section cannot be used with any precision to identify aid recipients since a particular recipient may be in receipt of aid of more than one type. A more suitable source of data exists in the administrative forms used to calculate a student's needs and the amount of aid for which the student is eligible. Because the CSLP and provincial grant programs are administered together, the same needs assessment form is used for both purposes. Statistics derived from these forms are not, however, entirely compatible with those used in Section 4.1. For example, the needs assessment statistics indicate the size of loan to which a student is entitled; however, the student may choose to borrow only part of his or her entitlement or not take out a loan at all. The needs assessment statistics have a number of other limitations. For example, they do not always consistently capture revisions to aid made as a result of appeals or cancellations due to withdrawals from post-secondary education. Nevertheless, they give a generally reliable picture of student aid recipients and can be used with some confidence in those analyses that do not involve precise comparisons with statistics from other sources.

The needs assessment procedure involves calculating the allowable costs confronting a student and subtracting the resources available to arrive at the student's financial need. In 1978-79, 137,000 students, or about 35% of the total full-time post-secondary population, applied for aid. These students were calculated to have an average need of $2,367:

	- average costs	$3,813
(less)	- average resources	$1,446
(equal)	- average need	$2,367

On average, this need was met as follows:

- CSLP loan authorized - $1,108
- provincial grant - $ 739
- provincial loan - $ 156

Total aid $2,003

The difference of $364 between need and aid ($2,367 less $2,003) is unmet need. It arises primarily because of ceilings placed on the amount of loans and grants provided in individual cases.

The average figures for costs, resources and needs must be used with care since they are based on all applicants, including those who did not have a particular cost or resource or who did not receive a particular type of aid. For example, while the size of provincial grants averaged $739, taken over all aid applicants, only 58% of applicants in fact received a grant and, for these recipients, the average size of grant was $1,278. Furthermore, in some provinces, loans are remitted in whole or in part when repayment begins.

Exhibit 4 shows the number of applicants reporting various cost and resource items and the average amounts both for all applicants and for those reporting the item. It is important to recognize that these costs and resources are those allowed or required by the administrative criteria and may differ somewhat from the actual costs or resources either experienced or reported by students.

Exhibit 4 shows that room and board together with the miscellaneous allowance (which includes other maintenance expenses) were the largest cost. Educational costs including fees and books were the next largest cost for most students ($946). However, the married student adjustment, which is mainly the cost of supporting dependents, was the largest cost for the 10% of applicants who reported this item.

Exhibit 4 Aid authorized to post-secondary student applicants for financial assistance, and costs and resources used in calculating aid as derived in the Needs Assessment Reports (excludes Québec where Canada Student Loans are not provided), by self-support status, 1978-79

	ALL APPLICANTS				NON-SELF SUPPORTING APPLICANTS			
	Number of students reporting item	Column 1 as a % of total applicants	Average amount for all applicants	Average amount for students reporting item	Number of students reporting item	Column 1 as a % of total applicants	Average amount for all applicants	Average amount for students reporting item
	1	2	3	4	5	6	7	8
		%	$	$		%	$	$
COST ALLOWED								
Fees	136,199	99	679	684	73,412	99	665	668
Books and instruments	135,079	99	267	271	72,873	98	262	265
Maintenance allowance	118,248	86	1,441	1,670	73,081	99	1,591	1,605
Miscellaneous allowance	117,549	86	499	581	72,937	98	574	581
Local transport	87,998	64	118	184	51,077	69	127	184
Return transport	54,271	40	31	78	45,785	62	39	63
Married student adjustment	14,335	10	453	4,333	0	0	0	0
Other costs	71,970	53	326	621	38,636	52	226	431
Total cost	137,024	100	3,813	3,816	73,743	100	3,485	3,485
RESOURCES ALLOWED								
Family contribution	43,555	32	472	1,486	40,030	54	759	1,398
Contribution from parental assets	998	1	8	1,084	998	1	15	1,084
Student contribution	112,677	82	730	888	70,667	96	741	773
Part-time earnings	6,981	5	34	657	2,982	4	22	535
Awards	9,655	7	52	741	6,447	9	45	521
Investments and assets	13,858	10	66	657	6,283	9	30	355
Other resources	15,244	11	84	753	7,347	10	45	453
Total resources	122,055	89	1,446	1,624	72,671	98	1,656	1,681
AID AUTHORIZED								
Canada Student Loan	124,832	91	1,108	1,217	65,920	89	866	969
Provincial grant	79,253	58	738	1,278	46,180	63	808	1,290
Provincial loan	20,316	15	156	1,055	2,747	4	27	720
Total aid	128,399	94	2,003	2,139	68,463	93	1,701	1,832
ASSESSED NEED	129,600	95	2,367	2,504	69,076	94	1,828	1,951

	SELF-SUPPORTING APPLICANTS - TOTAL				MARRIED SELF-SUPPORTING APPLICANTS			
	Number of students reporting item	Column 9 as a % of total applicants	Average amount for all applicants	Average amount for students reporting item	Number of students reporting item	Column 13 as a % of total applicants	Average amount for all applicants	Average amount for students reporting item
	9	10	11	12	13	14	15	16
		%	$	$		%	$	$
COST ALLOWED								
Fees	62,787	99	697	703	17,995	98	654	665
Books and instruments	62,206	98	274	279	17,837	97	255	261
Maintenance allowance	45,167	71	1,266	1,774	780	4	76	1,794
Miscellaneous allowance	44,612	70	410	582	0	0	0	0
Local transport	36,921	58	108	185	0	0	0	0
Return transport	8,486	13	21	156	596	3	7	219
Married student adjustment	14,335	23	982	4,333	14,337	78	3,395	4,333
Other costs	33,334	53	444	842	7,283	40	675	1,695
Total cost	63,281	100	4,201	4,201	18,295	100	4,927	4,927
RESOURCES ALLOWED								
Family contribution	3,525	5	136	2,490	3,525	19	480	2,490
Contribution from parental assets	0	0	0	0	0	0	0	0
Student contribution	42,010	68	736	1,082	0	0	0	0
Part-time earnings	3,999	8	70	749	0	0	0	0
Awards	3,208	5	60	1,182	804	4	63	1,445
Investments and assets	7,575	12	109	908	1,377	8	105	1,398
Other resources	7,897	11	92	1,032	1,980	11	226	2,089
Total resources	49,384	78	1,203	1,541	6,757	37	739	2,000
AID AUTHORIZED								
Canada Student Loan	58,912	93	1,392	1,495	15,950	87	1,387	1,591
Provincial grant	33,073	52	658	1,263	9,934	54	699	1,287
Provincial loan	17,569	28	307	1,107	5,905	32	478	1,481
Total aid	59,936	95	2,357	2,489	16,287	89	2,563	2,880
ASSESSED NEED	60,524	96	2,999	3,135	16,473	90	4,188	4,651

Note: These data, derived from administrative sources, have a number of limitations. For example, they show the size of loan to which a student is entitled, not the amount actually negotiated. Also, there are some inconsistencies in the reporting of special cases such as revisions made to the amount of aid as the result of a review or appeal or withdrawals from post-secondary education. However, the data provide a generally reliable picture of aid recipients and they may be used with some confidence in most applications that do not involve precise comparison with data derived from other sources.

The most important resource was summer earnings, both in terms of number of applicants with this resource (82%) and in amount ($730 for all applicants). The other major resource was family contributions. About a third of all applicants were assessed a family contribution and, for these, it was calculated to average $1,486.

Exhibits 5 to 8 show the basic needs assessment data by province, by type of post-secondary education, by family income, and by dependent/independent status for 1978-79. Some of the main points relating to costs, resources and needs that these exhibits illustrate are:

- Costs were highest for married students (including single parents) with the cost of supporting dependents being the main factor. Unmet need was consequently largest in this group as well.

- Costs increased as family income increased, due both to higher maintenance and other costs. This does not necessarily imply that all students from higher income groups had higher costs; it simply indicates that the only students from higher income groups eligible for student aid were those that had above-average costs.

- Summer earnings were generally the largest source of resources. Exceptions were students from upper income families where parental contribution was greater and students in graduate studies where other sources of income such as part-time work and awards played an equally large role.

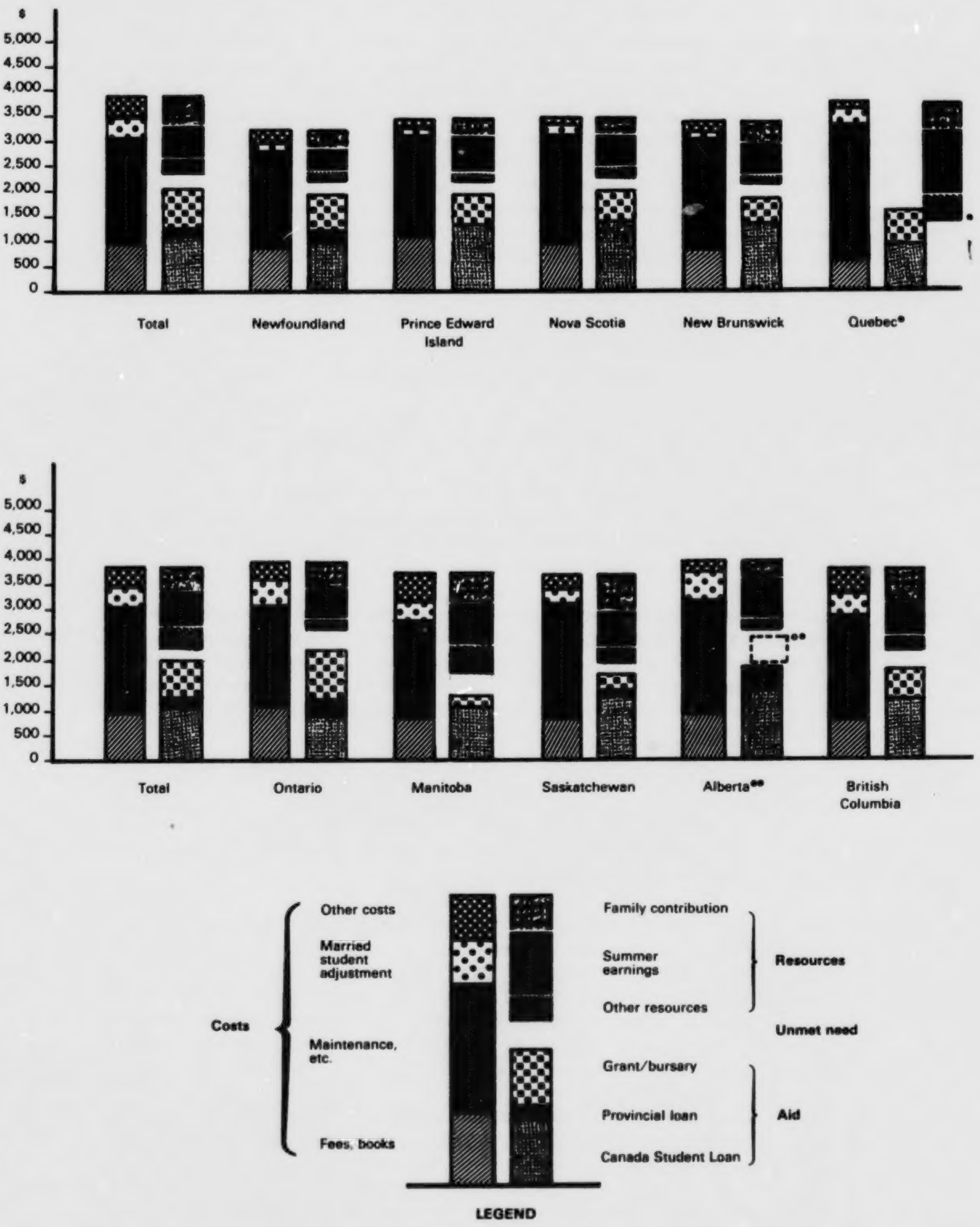
- The mix of loans and grants naturally varied from province to province as a consequence of the different provincial aid programs. Overall, the percentage of loans to graduates was higher than to undergraduates, largely as a result of the Ontario program which concentrated grant money on students in their first eight semesters.

- The proportion of loans and grants varied with family income. The higher the family income, the greater the percentage of aid in the form of loans. This was simply a consequence of the fact that, in most provinces, aid is provided in the form of a loan first. Because students from higher income families had lower need, it follows that they received more aid in the form of loans.

- Unmet need varied with total costs. This was a direct consequence of aid ceilings. Thus unmet need was highest for graduate programs.

- Unmet need was inversely related to family income, with the greatest unmet need among those with the lowest income. Again, however, the low-income groups included many self-supporting married students whose family income was their own income and that of their spouses, not their parents' income.

Exhibit 5 Costs, resources, aid and unmet need, by province, 1978-79

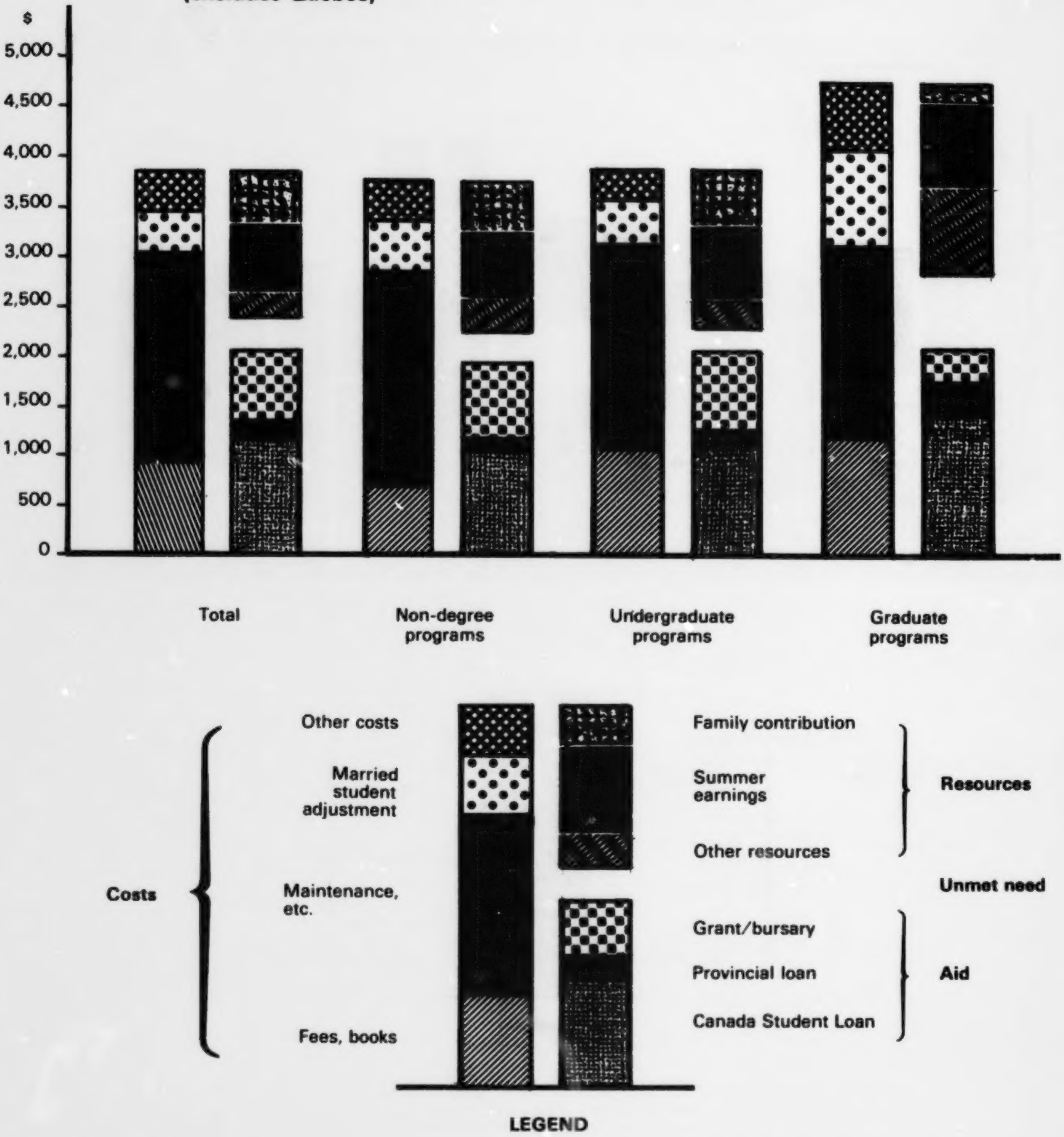


NOTE: These charts must be used with caution. They are based on averages for all applicants. For some applications, the more appropriate data would be the averages for only those that incurred a particular cost or received a particular resource. For other applications, percentages would be more appropriate than the absolute size of the averages. For example, unmet need could be viewed in relation to the amount of aid provided. The qualifications noted in Exhibit 4 also apply.

*Quebec uses parental contribution only in the assessment for loans but not in the assessment for bursaries, hence the overage of resources.

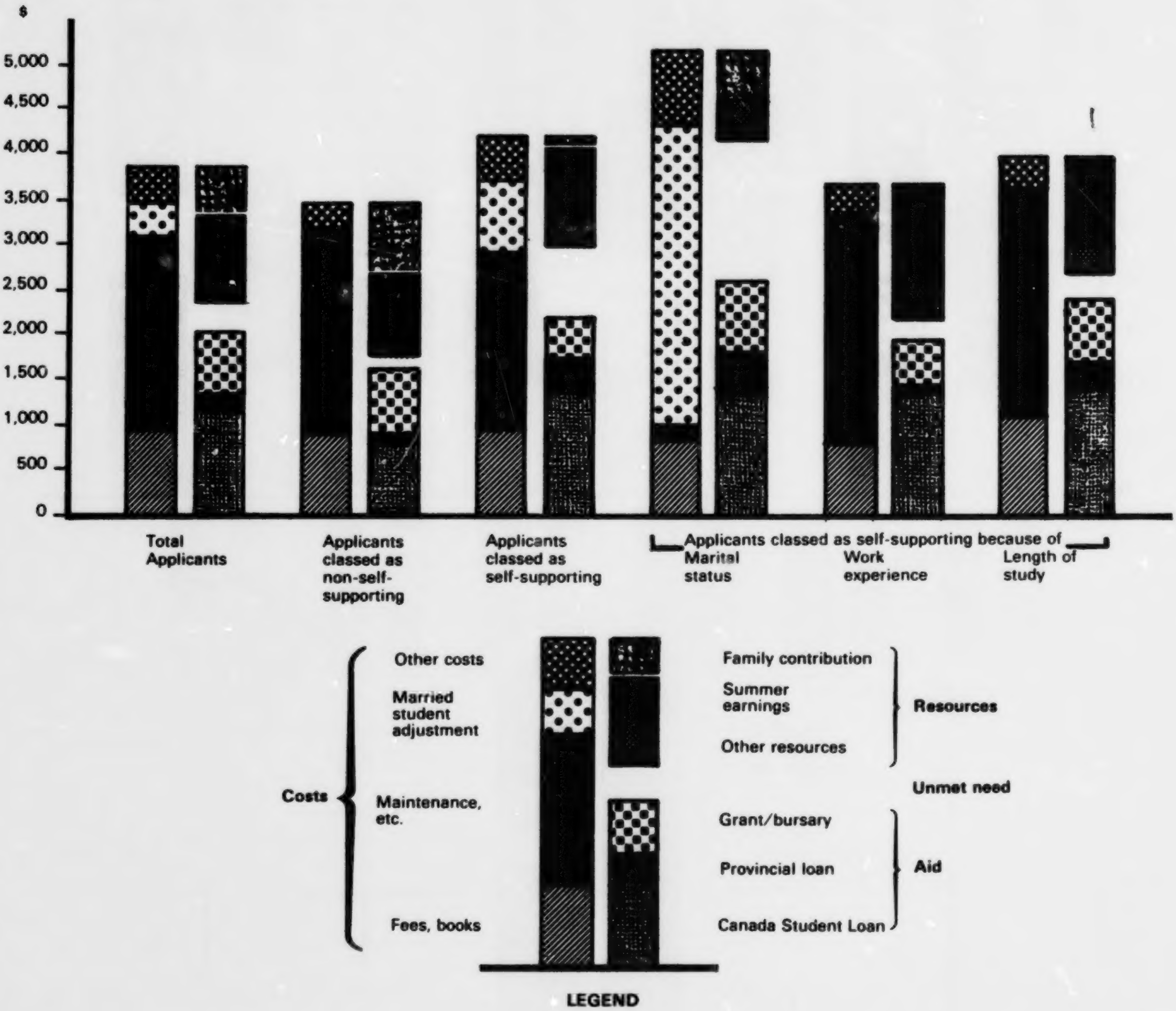
**Students who have opted to receive less aid than they were entitled to under the assessment procedures.

Exhibit 6 **Costs, resources, aid and unmet need, by type of program, 1978-79 (excludes Québec)**



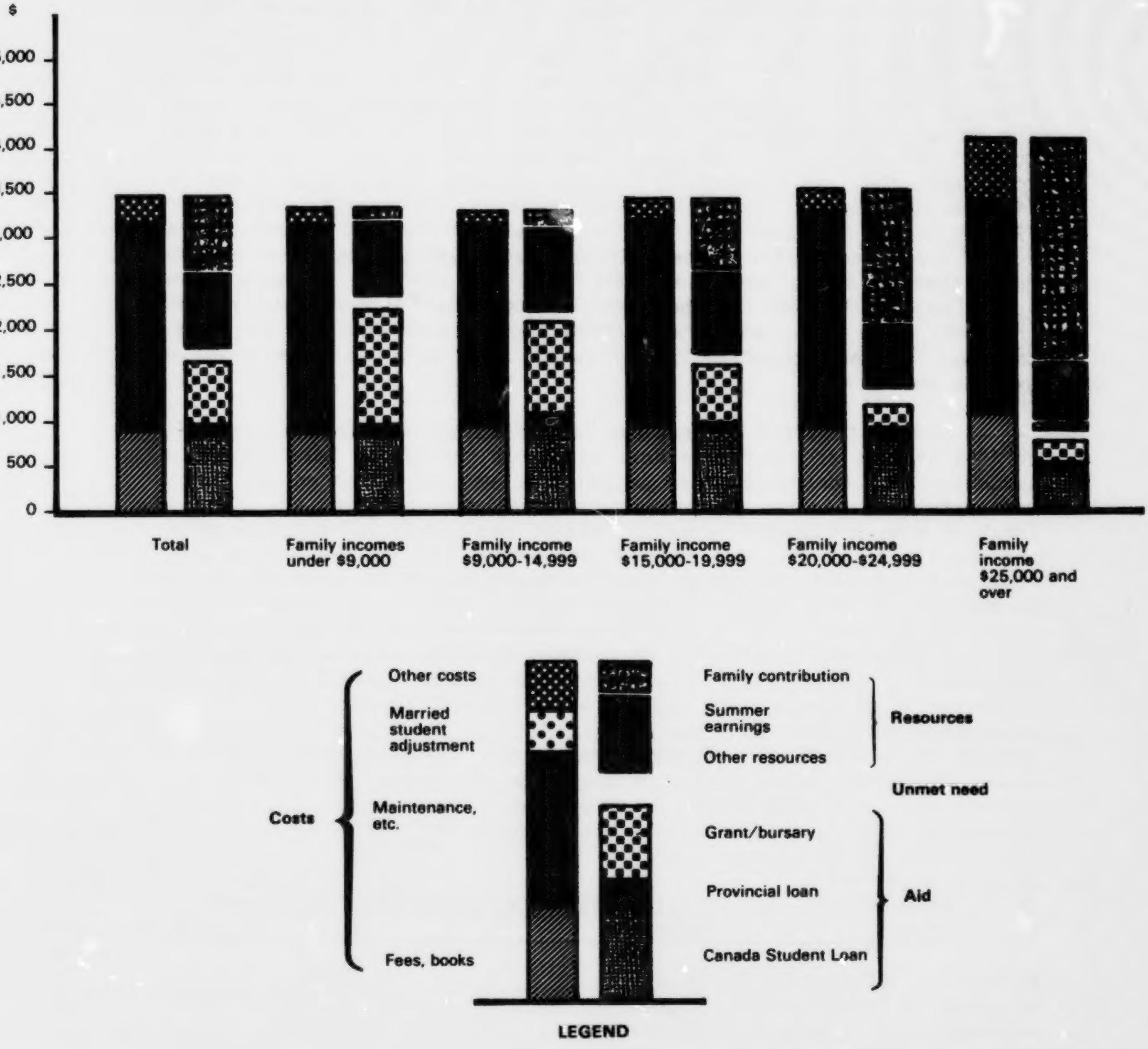
NOTE: These charts must be used with caution. They are based on averages for all applicants. For some applications, the more appropriate data would be the averages for only those that incurred a particular cost or received a particular resource. For other applications, percentages would be more appropriate than the absolute size of the averages. For example, unmet need could be viewed in relation to the amount of aid provided. The qualifications noted in Exhibit 4 also apply.

Exhibit 7 Costs, resources, aid and unmet need, by self-support status, 1978-79 (excludes Québec)



NOTE: These charts must be used with caution. They are based on averages for all applicants. For some applications, the more appropriate data would be the averages for only those that incurred a particular cost or received a particular resource. For other applications, percentages would be more appropriate than the absolute size of the averages. For example, unmet need could be viewed in relation to the amount of aid provided. The qualifications noted in Exhibit 4 also apply.

Exhibit 8 **Cost, resources, aid and unmet need, by family income, non-self-supporting students only, 1978-79 (excludes Québec)**



NOTE: These charts must be used with caution. They are based on averages for all applicants. For some applications, the more appropriate data would be the averages for only those that incurred a particular cost or received a particular resource. For other applications, percentages would be more appropriate than the absolute size of the averages. For example, unmet need could be viewed in relation to the amount of aid provided. The qualifications noted in Exhibit 4 also apply.

4.3 Characteristics of Aid Recipients and Non-Recipients

This section looks at the characteristics of the post-secondary population and particularly at the characteristics of aid recipients and non-recipients. The source of the data is a major sample survey conducted for the Task Force by Statistics Canada. The survey is described in Chapter 6 and, in more detail, in the Statistical Compendium prepared in conjunction with this report. The data refer to all persons under the age of 35 who, as of June 1980, were attending or had attended a post-secondary institution in Canada (excluding Québec) full time. This group corresponds approximately to the population that was potentially eligible for CSLP loans (introduced in 1964) and associated provincial loan and grant programs in the period 1964-80. The section ends with a profile of current students. A survey conducted by the Québec Ministry of Education was done at the same time. While the questions used in the two surveys were approximately the same, methodological and other differences prevent the data from the two surveys from being integrated in the same tables. Unless specifically indicated, the data in this chapter exclude Québec.

Note that the percentages in these tables do not always add to 100% because of rounding. Note also that the symbol (-) in a table indicates that the sample size in question was not large enough to be meaningful. In tables providing provincial distribution, the overall total is somewhat greater than the sum of the provincial total because the overall total includes persons who were living in one of the nine provinces surveyed but whose post-secondary education took place in Québec.

The total population of persons under the age of 35 who had attended a post-secondary institution in Canada full time numbered 1,563,000. Of those, 672,000 or 43% received student aid. This percentage is higher than that referred to in Section 4.2 because it relates to students who received aid in any of their post-secondary years; the data in Section 4.2 refer to the percentage of students who receive aid in a single year. The student population and the aid recipients were distributed among provinces as follows:

Persons under age 35 who attended full time in Canada	Total student population		Aid recipients	
	Number	%	Number	%
Attended in Nfld. only	40,000	3	22,000	3
Attended in P.E.I. only	11,000	1	7,000	1
Attended in N.S. only	68,000	4	40,000	6
Attended in N.B. only	50,000	3	25,000	4
Attended in Ont. only	785,000	50	328,000	49
Attended in Man. only	82,000	5	31,000	5
Attended in Sask. only	79,000	5	35,000	5
Attended in Alta. only	166,000	11	74,000	11
Attended in B.C. only	176,000	11	64,000	10
Attended in more than one province	55,000	4	37,000	6
Total (excluding Québec)	1,563,000	100%	672,000	100%

Most of the aid recipients received both loans and grants (55% of recipients), 30% received loans only and 15% received grants only. The following table shows that the percentage of recipients was highest among students who attended school full time in more than one province.

Persons under age 35 who attended full time in Canada	Percent receiving aid				Percent not receiving aid	Total
	Total recipients	Loan only	Grant only	Loan & grant		
Attended in Nfld. only	55	15	20	23	45	100
Attended in P.E.I. only	64	-	-	-	36	100
Attended in N.S. only	59	21	-	32	43	100
Attended in N.B. only	50	16	-	26	50	100
Attended in Ont. only	42	11	4	26	58	100
Attended in Man. only	38	12	10	16	62	100
Attended in Sask. only	44	19	5	20	56	100
Attended in Alta. only	45	17	9	19	55	100
Attended in B.C. only	36	9	8	19	64	100
Attended in more than one province	67	15	11	40	33	100
Total (excluding Québec)	43%	13%	6%	24%	57%	100%

In Québec, 37% of students aged 16 to 37 received aid (14% a loan, 3% a grant, and 20% both a loan and a grant).

The number of aid recipients naturally is higher among those who spent more time in post-secondary education. Nearly half of the total student population (47%) attended for only one or two years; this group for only 36% of aid recipients.

Persons under age 35 who attended full time in Canada	Total			Aid recipients		
	Number	%	Cumulative %	Number	%	Cumulative %
Attended one year	398,000	25	25	113,000	17	17
Attended two years	347,000	22	47	129,000	19	36
Attended three years	260,000	17	64	114,000	17	53
Attended four years	292,000	19	83	153,000	23	76
Attended five years or more	249,000	16	99	162,000	24	100
Total	1,563,000			672,000		

From another perspective, of those who attended one year only, 28% received aid. This rose to 65% among those studying five years or more. The increase was mainly among those who received a mix of grants and loans.

	Percent receiving aid					
	Total recipients	Loan only	Grant only	Loan & grant	Percent not receiving aid	Total
Attended one year	28	8	9	12	72	100
Attended two years	37	13	5	19	63	100
Attended three years	44	13	5	26	56	100
Attended four years	52	15	5	33	47	100
Attended five or more years	65	18	7	39	35	100
Total	43%	13%	6%	24%	57%	100%

The total student population was composed of about the same number of men and women, with the percentage of women being higher at the community college level and that of men higher at the university level.

Persons under age 35 who attended full time in Canada	University	Community college	Other post-secondary	Total
Men	467,000 (30%)	271,000 (17%)	31,000 (2%)	778,000 (50%)
Women	404,000 (26%)	333,000 (21%)	42,000 (3%)	784,000 (50%)
Total	871,000 (56%)	603,000 (39%)	73,000 (5%)	1,563,000 (100%)

The same percentage of men and women received aid at community colleges, while slightly more men received aid at the university level (53% of men received aid, while 50% of women received aid). The percentage of recipients was higher at universities, where courses are longer and costs are higher than at the community colleges.

	Percentage of all students who received aid			
Persons under age 35 who attended full time in Canada	University	Community college	Other post-secondary	Total
Men	53	33	39	45
Women	50	32	31	41
Total	52%	32%	34%	43%

There have been changes over the years in the percentage of students who received aid; it was higher in the first half of the seventies than in the second half. Half of all those who completed their post-secondary education in the period 1971-75 received aid. This fell to 44% for those completing in 1976-80. The figure was even lower for those completing in 1970 or earlier, at 37%, but this may simply reflect that the CSLP and associated provincial programs were being phased in during this period.

Percentage of students receiving aid by year in which post-secondary education was completed

	Completed in 1970 or earlier	Completed in 1971 to 1975	Completed in 1976 to 1980
	%	%	%
Attended in Nfld. only	43	58	56
Attended in P.E.I. only	-	-	-
Attended in N.S. only	56	63	62
Attended in N.B. only	63	57	45
Attended in Ont. only	38	46	42
Attended in Man. only	29	42	44
Attended in Sask. only	31	59	41
Attended in Alta. only	39	57	42
Attended in B.C. only	23	46	42
Attended in more than one province	-	71	70
Total (excluding Québec)	37%	50%	44%

This decline in the percentage of students receiving aid took place mainly at the "university" and "other post-secondary" levels.

Persons under age 35 who attended full time in Canada	Percent receiving aid		
	Completed in 1970 or earlier	Completed in 1971 to 1975	Completed in 1976 to 1980
Universities	44	62	54
Community colleges	30	33	34
Other post-secondary	28	40	33
Total	37%	50%	44%

One of the factors that accounted for this fall in the percentage of student aid applicants in the 1970s was the increased audit and verification of applications for aid. This is discussed in Section 8.21. Changes in patterns of income and expenditure may also have been a factor. For example, a number of costs associated with a post-secondary education have fallen in constant dollar terms.

The remainder of this section provides statistics on students who attended a post-secondary institution full time in 1980. The sample sizes for this group are adequate to provide analysis at the national level but not for many individual provinces. Note that these statistics on "current" students overlap those in preceding tables to a certain extent. That is, the data above on those who completed their schooling in 1976-80 include those who graduated in the spring of 1980; this same group is also included in the following tables.

The June survey found that 378,000 individuals had attended school full time outside Québec in 1980. Of these, 37% had received aid (either a loan or grant) at some time but not necessarily in 1980. About the same percentage of men and women received aid. Married students of both sexes were considerably higher users of aid than were single students.

Students who attended full time in 1980, excluding Québec

	Number	(% of total students)	% who ever received aid	% who never received aid
Men	203,000	(53)	38	62
Women	175,000	(46)	37	64
Single - total	317,000	(84)	34	66
- men	169,000	(44)	36	64
- women	147,000	(39)	33	67
Married - total	61,000	(16)	52	47
- men	33,000	(9)	54	48
- women	27,000	(7)	56	48

Married students at the university level were particularly high users of student aid with 64% receiving loans and/or grants.

Students who attended full time in 1980, excluding Québec

	Number	(% of total students)	% who ever received aid	% who never received aid
University - total	236,000	(62)	40	60
- single	199,000	(53)	67	36
- married	36,000	(10)	64	39
Community college				
- total	131,000	(35)	33	67
- single	109,000	(29)	32	69
- married	22,000	(6)	41	60
Other post-secondary	11,000	(2)	27	73

In general, the percentage of aid recipients was higher at universities than at community colleges. One reason is simply the greater length, and therefore cost, of most university programs.

Students who attended full time in 1980, excluding Québec

	Number	(% of total students)	% who ever received aid	% who never received aid
University				
- total	236,000	(62)	40	60
- attended 1 year	63,000	(17)	29	73
- attended 2 years	46,000	(12)	38	63
- attended 3 or more years	126,000	(33)	48	53
Community college				
- total	131,000	(35)	33	67
- attended 1 year	70,000	(19)	23	76
- attended 2 years	33,000	(9)	37	63
- attended 3 years or more	28,000	(7)	52	48

The same percentage of students living in rural areas received aid as did those in urban areas.

Students who attended full time in 1980, excluding Québec

	Number	(% of total students)	% who ever received aid	% who never received aid
Urban	340,000	(90)	36	64
Rural	38,000	(10)	36	64

The percentage of student aid recipients was highest among those with lower incomes. The data refer to gross household income in 1979 which usually is parental income for single students and own income and that of spouses for married students. Note that the data in the following table are derived from a different sample than those elsewhere in the chapter and as a result the totals do not correspond.

Students who attended full time in 1980, excluding Québec

	Number	(% of total students)	% who ever received aid	% who never received aid
All students				
Household income less than $15,000	115,000	(43)	53	47
Household income $15,000 to $24,999	73,000	(27)	48	52
Household income $25,000 or more	82,000	(30)	15	85
Single students				
Household income less than $15,000	93,000	(41)	53	47
Household income $15,000 to $24,999	54,000	(24)	39	61
Household income $24,999 or more	82,000	(36)	18	82

5. INTERNATIONAL EXPERIENCE, OTHER JOINT PROGRAMS AND PAST STUDIES OF STUDENT AID

5.1 The Example of International Experience

The Task Force looked at the student aid programs and policies of other developed countries with special attention being given to federal countries, namely Australia, the Federal Republic of Germany and the United States. In carrying out this review, the Task Force relied heavily on a 1978 report, "Review of Student Support Schemes in Selected OECD Countries" prepared for the OECD by Maureen Woodhall. While not without its weaknesses (e.g., the treatment of student aid in Canada, at least, is very selective), the report addressed many questions of interest to the Task Force: How do programs and policies in Canada compare with those in other countries with similar post-secondary education institutions? Do the programs or policies of other countries provide examples that might be used in Canada? Are there any international trends either in student financial needs or in student aid programs? Is there research or empirical information from other countries that may have relevance for Canada?

The findings of the OECD-sponsored report that appeared to be of particular relevance to the Task Force were:

- Student aid, whether as loans or grants, is increasingly being provided in accordance with financial need rather than academic merit.
- Student aid programs in most OECD countries include (either explicitly or implicitly) one or more of the following overlapping and occasionally conflicting objectives:
  - to enable all able students to continue their education beyond the compulsory stage without financial hardship;
  - to ensure sufficient demand for higher education to meet national needs;
  - to promote greater equality of opportunity for students from different social or income groups;
  - to increase the participation in higher education of minorities, such as children from low income families or particular ethnocultural groups;
  - to reduce inequalities of access to higher education between particular groups in society, such as men and women, or children from working-class and middle-class backgrounds;
  - to improve the efficiency of education and enable students to use their time more effectively by reducing the incidence of part-time work among students;
  - to promote financial independence of students;

  - to increase freedom of choice for students in type or length of study;
  - to encourage students to choose particular subjects of study (e.g. science or medicine);
  - to encourage graduates to enter particular occupations (e.g., teaching).

- There is a general trend towards treating students more uniformly in the provision of financial aid. A number of countries have introduced (or are considering introducing) a basic grant which can be supplemented, where necessary, by additional grants or loans. This means that the proportion of students receiving government aid is generally rising.

- There is a trend in several countries towards coordinating all forms of direct and indirect aid, substituting a single system of grants (or grants and loans) to students instead of more mixed systems based on tax concessions and other forms of aid to students and their parents.

- While a means test remains normal, there appears to be a trend, particularly in Scandinavian countries, to award aid on the basis of students' own income, rather than that of their parents, in order to promote financial independence of students. Independence criteria vary greatly from country to country.

- There is a trend in loan repayments to increasing the length of the repayment, and to making the level of repayment dependent in some way on the level of the graduate's income. However, there are few genuine income contingent schemes.

- Research and evaluation exercises in OECD countries have pointed out a number of key areas requiring further examination:

  - a review of the extent to which the different objectives of student aid are in conflict;
  - more research on the actual impact of student aid programs on equality of opportunity, particularly on the amount of aid that should go to students while they are in senior secondary school;
  - more data are needed on student income and expenditures;
  - research on the actual effect of aid on the demand for post-secondary education;
  - more study on the inter-relationships between student aid and other forms of government subsidies for education and for families.

- A review of existing experience in several countries shows no one obviously superior type of student aid achieves the basic equal opportunity objectives. Most countries have mixes of aid and it is clear that any aid package is just one of the elements affecting participation decisions.

- Evidence seems to show that, despite hypotheses to the contrary, students from lower income families are willing to accept loans, and that the acceptability of loans increases if the loans are combined with a grant, if they are long-term and if they carry some guarantee that the debt will be written off in cases of serious illness.

- Some countries have found that the alleged "negative dowry" effect may not in fact deter women from undertaking loans, provided there is a possibility of postponing repayment.

- Very few countries have tried to make use of need-based aid schemes to influence the supply of particular types of skilled manpower, and examples that do exist have not been successful.

- In federal countries, federal governments play a large role in student aid. The following paragraphs describe the experiences in Australia, Germany and the United States.

In Australia, student aid is provided both by the central government and the six state governments. In 1974 the central government abolished tuition fees in most post-secondary institutions and established a system of student grants. The level of aid is based on a means test somewhat similar to that in Canada. The aid programs of the state governments are directed to assisting trainee teachers and have been a means of recruitment to the teaching profession.

A 1975 Australian study recommended that a loan scheme be introduced to supplement the grants. The loans would be to provide students with a greater degree of choice in their standard of living and level of expenditure than could be provided by an all-grant program. Another major proposal related to the age of independence issue whereby an age adjustment would be introduced into the parental means test applied to students aged 19 to 24; the effect of this adjustment would be that the level of student aid would become progressively less dependent on parental income, until, by the age of 25, students would be treated as fully independent.

In the Federal Republic of Germany, the state governments have the main responsibility for providing and financing post-secondary education, but the federal government has been increasingly involved in financing higher education and in providing student aid. In 1969, legislation made financial aid to students a federal responsibility and, in 1971, a joint aid program with the states was put in place with the federal government supplying 65 per cent of the funds. The aid, in the form of means-tested loans and grants, is administered by the states through municipal officials and, at individual universities, through a committee of students and teachers. There is also a federal advisory committee composed of state and municipal officials and representatives of employers, students and teachers.

Student aid in the United States is most complicated, with a variety of more or less independent federal and state programs involving loans, grants and work-study. The OECD report states that "of all the countries included in this study, the United States has the most bewildering array of student aid programs and any attempt to summarize them briefly is bound to lead to simplification and omissions". Interested readers will find a useful review of American programs in the recent monograph Next Steps for the 1980's in Student Financial Aid: A Fourth Alternative (the Carnegie Council on Policy Studies in Higher Education, Jossey Bass Publishers, San Francisco, 1979). A few highlights of American experience are:

- Though U.S. programs are too rooted in the particular American educational and governmental environment to be considered for possible use in Canada, a number of particular program elements and much U.S. research is relevant. These will be referred to in the appropriate sections of later chapters.
- An apparently successful element in U.S. programs of aid packages is work-study, a program whereby government aid is directed to employers who in turn use the money to provide paid work to financially needy students (usually on-campus work, often related to the student's studies).
- The U.S. programs depend centrally on the institutional student aid officer who must "build" a student aid package for a particular student from a number of different government and non-government sources.
- The federal government through different programs has become increasingly involved in student aid and provides about 85% of direct aid to students, with institutional and private programs supplying 9% and state programs 6%.
- The U.S. has produced many interesting proposals for new forms of student aid. Many of these are schemes which involve placing a greater share of the cost of post-secondary education on graduates, that is on those who benefit most from the education. These involve income contingent loan repayment schemes, tuition advance funds and similar devices intended to reverse the trend towards ever greater governmental role in student support. None of these large-scale income-contingent loan schemes has been implemented, although variations have been implemented at individual institutions (e.g., the Yale Tuition Advance Fund).

In summary, the main conclusions which the Task Force drew from its review of international experience were:

- Canadian student aid policies and programs are in the mainstream of international experience. This means that there is enough similarity among the different countries to allow us to consider borrowing relevant features of foreign programs and using some of the findings of international research; however, no country appears to be sufficiently ahead of Canada to provide a general model for application in this country.

- The experience of other federal countries, because of differing constitutional arrangements, does not provide any obvious lessons or new directions with respect to federal-provincial roles and responsibilities.

- There appears to be no single "best mix" of loans, grants or other aid for purposes of meeting the direct objectives of student aid programs; the "best mix" seems to depend on external factors which vary from country to country.

- The objectives, principles and issues addressed by the Task Force are similar to those addressed by other countries in their reviews of student aid policies and programs.

5.2 The Example of Other Canadian Federal-Provincial Arrangements

The Task Force examined other federal-provincial arrangements to see whether they might suggest any models that could be useful in its review of student aid arrangements. In order to find reasonably close parallels, the Task Force identified joint arrangements where:

- the program in question related directly to individual citizens;

- the provinces had large responsibilities for program delivery and for "topping up" national minimum standards and where the federal government's role was mainly limited to ensuring that a specified level of service existed across the country (e.g. as opposed to areas like manpower programs where the federal government has a separate mandate and delivery systems).

There are not many programs that meet these criteria; however, the following were identified:

- Hospital Insurance
- Medical Care
- Vocational Rehabilitation of Disabled Persons
- Compensation to Victims of Violent Crimes
- Provision of Legal Aid in Matters Relating to Criminal Law
- Bilingualism in Education
- Canada Assistance Plan

The basic pattern is the same; the federal and provincial governments participate in funding and in setting program standards and the provincial government administers the programs. The differences lie in the formulae for provision of federal funding, the concreteness of the standards, and the degree of federal control over adherence to those standards.

In the case of hospital insurance and medical care, minimum standards of service must be met. However as long as these standards are met, the federal portion (in the form of cash contributions, tax transfers and associated equalization) is not tied to the amount of provincial expenditures on these programs.

The provinces administer the Vocational Rehabilitation program and the two Department of Justice programs according to standards set out in separate agreements between the federal government and the province or territory involved. The federal government pays the province a portion of the costs it incurs according to an agreed-upon formula.

In the case of bilingualism in education, each provincial government, in accordance with its legislation and policies, provides opportunities for education in the minority language and for second language instruction. The federal government provides financial support under two basic program categories. Under the "formula" payment programs, the provincial governments are paid a percentage of the average annual per student cost of education in a province for each student studying in a minority or second language program at the elementary and secondary levels or, at the post-secondary level, a percentage of the annual provincial operating grant to eligible institutions. Federal funding is also provided under a number of "non-formula" programs (special projects, bursaries, fellowships, teacher training institutes) administered by the provinces under criteria agreed upon by the two levels of government.

In the case of the Canada Assistance Plan, the federal government pays half the cost that provinces incur in providing specified welfare services to persons with specified financial needs.

In all these, as well as in nearly all other federal-provincial arrangements, the administrative arrangements are inherently much simpler than with student aid; responsibility for actually administering the program is entirely with one level of government: the provincial governments in the cases reviewed here. Student aid appears to be uniquely complex, with administrative arrangements that call for:

- the provinces and territories to administer programs they finance directly (e.g., a provincial grant program) and part of a program which is financed by the federal government (i.e., the original allocation of CSLP eligibility certificates);
- the federal government to administer part of a program which it entirely finances (i.e., the payment of interest on individual CSLP loans and the follow-up of loan defaults).

The Task Force concluded that the existence of complex administrative arrangements is not necessarily bad. Other administrative arrangements do not provide direct models for student aid since they were all found to be deeply rooted in their own particular institutional and program environments. Nevertheless, the Task Force felt that the unusual complexity of existing joint arrangements for the administration of student aid programs raised questions of efficiency, accountability and control that required special attention.

5.3 Past Studies of Student Aid: the Late Sixties and Early Seventies

There have been many studies of student aid in Canada and the Task Force attempted to learn from and build on their findings. Because the interest was in findings that have current applicability, this section reviews studies conducted since the introduction of the CSLP in the mid-sixties.

The release of the Bladen Commission Report (Financing Higher Education in Canada, Association of Universities and Colleges of Canada, University of Toronto Press, 1965) corresponded approximately with the introduction of the Canada Student Loan Program. The report commended the CSLP and recommended its continuation. The report noted, however, a concern about the high proportion of student aid in the form of loans and hoped that other forms of aid (e.g., from private sources) would slow down the growth in the volume of federal student aid.

The annual reports of the Economic Council of Canada had a large influence on student aid policy in the sixties. In its First Annual Review in 1964, the Council noted the great shortage of highly skilled and professional manpower in Canada and the need to develop educational policies to overcome these shortages to achieve economic goals. It was argued that an important reason for Canada's lower per capita gross national product compared to the U.S. was our lower participation in post-secondary education. Later in the sixties, following the great growth in the post-secondary system, the Council also placed emphasis on controlling the cost of post-secondary education to governments. In its Seventh Annual Review (1970) the Council suggested reducing public expenditure on higher education by increasing student fees, but making sure that in so doing "no young person who has the ability and motivation for higher education should, as a result of inadequate current access to financial resources, be deprived of an opportunity to proceed with higher education".

By the end of the sixties it was clear that a new balance had to be found between reducing the dramatically escalating costs of higher education to the government while, at the same time, maintaining high participation rates and encouraging equality of opportunity.

The main approach followed in the sixties had been to encourage high participation in order to simultaneously increase the health of the economy and reduce inequalities of income. A number of interesting proposals were developed in the late sixties and early seventies which raised important points relating to the objectives and principles of student aid. The main debate was between those who saw the problem in primarily economic terms and those whose concentration was on equality of opportunity. The former tended to favour schemes based on large loans while the latter tended to emphasize strengthening existing schemes that included a balance of loans and non-repayable aid.

In 1969, Cook and Stager (G.C.A. Cook and D.A.A. Stager, Student Financial Assistance Programs, Toronto: Institute for Policy Analysis, University of Toronto, 1969) published a proposal for a Canadian version of the much discussed National Student Loan Bank concept developed primarily by American economists in the late fifties and sixties. Their proposal, known as CORSAP (Contingency Repayment Student Assistance Program), would provide aid to post-secondary students primarily in the form of large loans with long repayment periods and with repayment linked to income. The CORSAP proposal included features that attempted to overcome some of the main problems common to all large-scale loan schemes, such as the repayment difficulty faced by married women who leave the labour force to raise a family. In 1970, a CMEC-sponsored document (Summary of a Proposal for a New Program of Financial Assistance to Students) also described a loan-based plan with contingency repayment but with a relatively short period of repayment. Unlike the CORSAP proposal, this program would be available only for students who could demonstrate financial need. In 1975, E.G. West suggested an income contingent scheme based on a tax on graduates (E.G. West, Student Loans: A Reappraisal, Toronto: Ontario Economic Council, 1975). The purpose of these and similar large-scale loan schemes was to reduce financial barriers for needy students while distributing the burden of finance among those who benefitted most in monetary terms from post-secondary education, i.e. the graduates themselves. A major feature of these schemes was that they could allow tuition fees to rise to a level where they more nearly approximated the actual costs of providing the education; this in turn, it was argued, would increase the overall rationality of the post-secondary system.

Such loan-based programs were usually criticized on the grounds that: society as a whole benefits from post-secondary education and accordingly students should not have to pay an excessive share of the cost of that education; it is not reasonable to ask 17, 18 and 19 year old students to undertake large debts; and such schemes do not meet the main objectives of student support programs, i.e., they do not encourage higher overall participation in post-secondary education and may even discourage participation of students from lower income families. It was argued that the students who need help the most would be those who would be the most unwilling to undertake a large debt load. This line of thinking resulted in a number of recommendations for strengthened programs that involved grants. For example, a 1971 report, Towards 2000 (prepared for the Committee of Presidents of Universities of Ontario by its Sub-Committee on Research and Planning), argued for a flexible scheme that emphasized non-repayable aid. It also suggested that consideration should be given to a proposal that students, during their secondary school career, should accumulate an entitlement of financial credit toward their post-secondary educational expenses for each period during which they maintain satisfactory standards of achievement. At the time that they were ready for post-secondary education, students would cash in on their credits on a scale based on family income. The purpose of this credit scheme, which was an adaptation of voucher proposals developed in the U.S., was to extend the awareness of post-secondary education to a wider spectrum of young people and to introduce the idea to them at an earlier stage. A 1973 study (Marion R. Porter, John Porter, Bernard Blishen, Does Money Matter: Prospects for Higher Education, Institute for Behavioural Research, York University, Toronto, 1973) suggested a scheme that had much higher tuition fees together with grants for low income families and loans for those with higher incomes. This loan/grant scheme was similar to that in a 1972 report of the Commission on Post-Secondary Education in Ontario, The Learning Society.

While the main focus of discussion in this period related to the issue of balancing the rapidly rising costs of post-secondary education against the objectives of accessibility and equality, other problems were not ignored. The most important of these was the gradual erosion in the traditional patterns of post-secondary education where students attend post-secondary institutions on a full-time basis following completion of secondary school and before entering the labour force. Attention in particular focused on extending student aid to part-time students. D. Stager produced data on this topic (Who Are the Part-Time Students; technical paper series, Institute for Policy Analysis, University of Toronto, 1972) and a number of reports made recommendations to this effect (e.g., a 1969 sub-committee report of the Committee of Presidents of Universities of Ontario).

There were also a number of studies that reviewed existing programs and made recommendations for changes to those programs. Several of the studies referred to above, were, for example, conducted in conjunction with a review of Ontario's programs. An internal evaluation of the CSLP was conducted in 1972. In 1974, the sub-committee on undergraduate student aid of the Committee of Academic Vice-Presidents of the Association of Atlantic Universities issued a report dealing with the possibility of a uniform or standard system of aid in the Atlantic region. One of its conclusions was that student aid programs should be directed to the single goal of making higher education available to any member of society capable of benefitting from it and that aid programs should not be a vehicle for servicing other goals, however worthy. This conclusion was in contrast with other studies (see especially the Peitchinis study discussed below) that recommended programs with multiple objectives.

The period of the late sixties and early seventies produced basic research in the areas of accessibility and of financing post-secondary education as well as policy proposals. For example, probably the most comprehensive study of student aid in Canada was Robert Pike's Who Doesn't Get to University and Why (Association of Universities and Colleges of Canada, Ottawa, 1970). It took a sociological perspective and examined the social and academic factors in selection for higher education and then reviewed existing federal and provincial student assistance programs. During this period, several major statistical surveys relating to student aid were conducted. Before this time, debate had for the most part not been based on quantitative data. The 1973 report Does Money Matter, for example, was based on a survey of the aspiration of Ontario secondary students.

A 1972 internal evaluation of the CSLP included a survey of loan recipients. Statistics Canada conducted two major surveys of those attending post-secondary institutions in 1968-69 and again in 1974-75. The latter asked a series of questions relating to student aid and confirmed many findings suggested from earlier more partial studies. It found that there was still considerable under-representation of low income groups at the post-secondary level in Canada; that most students did not borrow but that loans were a relatively important source of total income from all sources for those who did borrow; that students did not appear to be reluctant to borrow (those who did not borrow said they had sufficient funds from other sources); that post-secondary students were generally well-informed about the availability of government-sponsored loans; that cost and finance considerations were not the most important factors affecting students' choice of programs or institutions; that lack of finance was not a big factor in decisions to drop out; and that costs and the availability of finance were not likely the most important factors in generating the observed inequalities in participation rates. Many of the findings of the research studies and statistical surveys from this period are still of considerable relevance and are referred to in the appropriate sections of later chapters.

5.4 Past Studies of Student Aid: the Mid and Late Seventies

In 1971, Stephen G. Peitchinis released a major report Financing Post-Secondary Education in Canada. While written during the period of activity described in the preceding section, it is a convenient introduction to the studies that took place in the mid- to late-seventies. This comprehensive CMEC-sponsored study recommended the establishment of an integrated student assistance system consisting of a combination of unconditional grants and loans, conditional grants, and scholarships. Each financial instrument was to be related to a specific social objective. Unconditional grants were to be based on financial need. Loans were to supplement the unconditional grants of those who did not qualify for a full grant. A second loan fund would be established to facilitate student access into more costly programs. Conditional grants would promote interprovincial exchange, would direct students into socially necessary programs and would be part of contractual arrangements whereby graduates would provide socially desirable services. Finally, there would be scholarships designed to encourage academic excellence.

The Peitchinis recommendations resulted in the establishment of a Federal-Provincial Working Group on Student Assistance. This group issued an internal report in 1975 which called for a national aid plan based on financial need. Using approximately the same administrative criteria as the CSLP criteria, the plan proposed to provide the same level of assistance in every province, with benefits within Canada, at least, to be fully portable. The group recommended that this national plan be available to part-time as well as full-time students, that there be coordination between student aid programs and educational counselling services, and that steps be taken to rationalize various forms of assistance available to students through the CSLP, the Canada Manpower Training Program, the Canada Assistance Plan and the various provincial loan and grant programs. The report provided three alternatives to meet these recommendations: a national plan of loans and non-repayable aid in the form of loan remissions; a similar national plan but with bursaries instead of remissions; and a plan that involved adjustments in the existing CSLP. A CMEC Task Force then reviewed these alternatives and recommended either the National Loan Remission Plan or the National Loan-Bursary Plan, with a slight preference for the former. These recommendations were not acted on and, subsequently, the present Federal-Provincial Task Force was formed with a strong ministerial mandate from both levels of government.

Generally, interest by the academic community in student aid policies cooled during the seventies. Relatively little material was published in the second half of the seventies. Undoubtedly, this reduced activity was the result of reduced growth of the post-secondary sector in this period and of higher unemployment rates among post-secondary graduates which tended to turn attention away from student assistance programs towards more specialized instruments such as manpower training programs. Another factor may have been the gradual realization that arose as a result of new empirical studies that suggested student aid programs were not particularly powerful instruments for addressing some of the problems that attracted most attention, the problem of equal opportunity in particular. Also, many of the proposals for non-traditional aid schemes were based on the expectation of substantial increases in fees and other student costs. Interest in these schemes waned when these increases did not materialize. However, the underlying problems of financial need among students did not disappear and studies continued, particularly at the provincial level. In the past several years, there have been studies of student aid in most provinces, with those in Ontario, Alberta, and the Maritime Provinces having perhaps the widest scope.

In Ontario, an Interim Committee on Financial Assistance to Students recommended in 1977 that a new student assistance plan be operated entirely under the jurisdiction of the province. This plan, referred to as OLANG (Optional Loan and Need-tested Grant Program), called for a mix of guaranteed loans and grants but with no interest subsidy to be paid on the loan, thereby allowing loan limits to be set above educational and living costs so that students would be able to accommodate their own special needs. The OLANG proposal was not adopted; instead the existing Ontario plan was revised to shift the focus of provincial grants to the single dependent student and to the first four years of undergraduate study or its equivalent.

In December 1978, an Alberta Task Force to Review Students' Contributions to the Costs of Post-Secondary Education recommended that, for the longer run, the provincial government consider establishing a student assistance trust fund to make loans available to all students regardless of need, with repayment through an income tax surcharge plus a further surcharge to make the plan self-sustaining. Repayment could be over a term of up to 30 years or in a lump sum. The Task Force also recommended changes that could be made in the short-run, including considering students financially independent at age 18, extending aid to part-time students, and replacing the Alberta loan and remission system with a loan and grant system. In May 1980, the Alberta government accepted many of the Task Force's recommendations on student assistance, including the addition of new grants to their student aid package. The proposal for a student assistance trust fund was rejected, however, and it was decided to postpone a decision on age of independence until the work of the present federal-provincial task force was completed.

In March 1980, the Maritime Provinces Higher Education Commission received the report of a study it sponsored on financial aid to students in Nova Scotia, New Brunswick and Prince Edward Island. This report made a series of recommendations for possible immediate implementation including recommendations to bring greater consistency to the programs in the three Maritime Provinces, to introduce a system of loan remissions in Nova Scotia and Prince Edward Island, and to simplify administrative procedures by developing two separate application "tracks", one a relatively simple process for students only interested in applying for the CSLP and the other for those applying for a loan and a bursary or loan remission. The study also made recommendations that its authors felt might require considerable discussion and negotiation with the federal government. For example, there were recommendations that would allow students to opt for independent status and consequently accept a higher debt load, that financial aid be extended to part-time students, and that loan ceilings and maintenance allowances be increased to keep them in line with inflation.

A major longitudinal study of Ontario students was released in a 1980 report that provided the Task Force with useful historical data about accessibility and aid in that province (Paul Anisef, J. Gottfried Paasche, and Antor H. Turrittin, Is the Die Cast?, Toronto, 1980).

In reviewing these past studies, the Task Force concluded that:

- Studies of student aid in Canada have, on the whole, supported the view that student aid programs are intended to meet equal opportunity objectives by providing aid for financially needy students. The Peitchinis report, in which student aid is seen as one element in a multiple-objective student-support package, is an exception.

- Nearly all studies see the role of government aid as one of supplementing the resources of the student. The changing role of parents in contributing financially to the cost of their children's post-secondary education continues to be a topic of considerable concern.

- Most studies agree that government aid should take the form of a mix of both loans and non-repayable aid. In the sixties, a number of studies proposed non-traditional schemes, such as basing aid on loans with repayment tied to current income. Interest in such schemes seems to have faded in the seventies as the new challenges facing the post-secondary system were increasingly seen in terms of minimizing the impacts of declining enrolment. However, there has been some continuing interest in income contingent repayment plans.

- Consistent themes in past studies have been the need to extend aid to part-time students, to increase awareness of aid programs particularly to secondary students, to ensure portability and interprovincial consistency, and to keep the amount of aid at a level which reflects real costs.

6. CURRENT VIEWS ON STUDENT AID

6.1 Scope of Task Force's Consultations

The Task Force sent letters inviting student groups, officials of post-secondary institutions and other interested groups and individuals to make submissions. As well, advertisements were placed in the daily, weekly, ethnic and student press inviting submissions. Some 300 submissions were received, the majority from student groups and from universities and colleges. As well as formal submissions, a number of letters were received expressing particular complaints, concerns and suggestions. Appendix 4 contains a list of organizations and institutions that presented submissions.

6.2 Public Opinion

To supplement its consultations with interested groups and individuals, the Task Force contracted with Statistics Canada to conduct the two surveys already mentioned in Chapter 4, one of the public at large and the other of individuals under the age of 35 who had themselves attended post-secondary educational institutions. Both surveys asked about awareness of student programs and about views on the general principles of student aid. The survey of present and former post-secondary students asked a number of additional questions related to student aid programs. The general population survey asked questions of a representative sample of 6,043 persons age 15 and over in all provinces except Québec. The survey of present and former students was a representative sample of 6,155 persons outside Québec aged 17 to 34 who, as of June 1980, were attending, or had attended a post-secondary institution in Canada on a full-time basis. A comparable, but independently administered survey was sponsored by the Québec Ministry of Education and, where possible, the results of the Québec survey are mentioned in the text but are not included in the tables of this chapter. The total figures throughout the chapter refer to the totals of the nine participating provinces. A description of these surveys and detailed tables can be found in the Statistical Compendium that has been prepared in association with this report.

Note that the individual percentages do not always add to 100% because of rounding. The symbol (-) indicates that the sample size was too small to allow the presentation of meaningful statistics.

Opinions on Who Should Pay Student Costs: The survey asked:

> "Who do you think should pay the students' costs of attending a post-secondary institution, including tuition, room and board and books? From the following list, choose the one that most reflects your views:

- Government should pay the major portion.
- Students and parents should pay the entire cost.
- Students and their parents should pay with government aid if needed.
- Students themselves should pay with government aid if needed."

By far the most popular answer was the one that accorded with principles underlying existing arrangements: 55% felt that students and parents should pay, with government help if needed. The second largest preference, 19%, was that students themselves should pay with government aid if needed. This pattern held very consistently in different provinces.

Views of all persons age 15 and over on who should pay costs

	Governments	Students and parents	Students and parents with government	Students with government	Don't know, other	Total
	%	%	%	%	%	%
Newfoundland	31	2	43	16	7	100
Prince Edward Island	-	-	45	-	-	100
Nova Scotia	12	6	50	26	6	100
New Brunswick	16	6	50	22	6	100
Ontario	10	9	56	17	7	100
Manitoba	8	8	59	17	6	100
Saskatchewan	10	8	62	15	4	100
Alberta	13	7	55	20	5	100
British Columbia	8	9	54	23	5	100
Total (excluding Québec)	11%	8%	55%	19%	7%	100%

In the Québec survey a similar although differently worded question also found greatest support (45%) for shared responsibilities among governments, parents and students. About a third of those surveyed in Québec felt that the government should pay the major portion.

The question did not distinguish among different types of students, but it is clear that the results should be taken to refer to the "traditional" majority of students who are single and who enter post-secondary education directly after secondary school. Quite different answers would presumably have been obtained if the question had referred specifically to the financing of the costs of married students, or to those who return to school after a period in the labour force.

These data were analyzed in terms of the respondents' awareness of aid programs. Two levels of awareness were distinguished in the survey. Those who indicated that they were aware of government aid programs were then asked if they themselves or a friend or a relative had ever applied for aid. Those who answered positively were considered to have had some direct experience with these programs. The same basic pattern held in all awareness groups. Those with less awareness were, as might be expected, more inclined to say they didn't know who should pay. More of those with direct experience tended to favour students themselves paying with government aid where needed.

Views of all persons age 15 and over on who should pay costs

	Governments	Students and parents	Students and parents with government	Students with government	Don't know, other	Total
	%	%	%	%	%	%
Aware with some direct experience	9	4	59	25	2	100
Aware but no direct experience	11	10	56	17	7	100
Not aware	14	10	49	15	12	100
Total	11%	8%	55%	19%	7%	100%

The same patterns of preference held true for different age, sex, family income, and educational attainment groups. There was a direct relationship between income and preference for the "students and parents with government" answer, with support for these arrangements ranging from 45% for those with family incomes of less than $9,000 to 67% for those with incomes of over $35,000.

The choice, "students themselves with government aid if needed", was most popular in the 20-24 age group, where it was selected by 24% of men and 29% of women. If those with no awareness of the program are dropped, these figures were 25% and 34% respectively.

Parents of post-secondary students held much the same views as those who were not parents.

Persons under the age of 35 who themselves had attended post-secondary institutions shared about the same views as the public at large, with 57% favouring "student and parents with government", and 25% favouring "students themselves with government help if needed". The same basic pattern held for individuals who attended for different numbers of years and for those who attended in different provinces. The greatest differences were by years since leaving a post-secondary institution, with support for the "students and parents with government" response particularly strong among those who graduated before 1975, and somewhat more support for "students themselves with government help if needed" among those still at school and recent graduates.

Views on who should pay costs, persons under the age of 35 who attended full time in Canada

	Governments	Students and parents	Students and parents with government	Students with government	Don't know, other	Total
	%	%	%	%	%	%
Still attending	12	4	57	26	-	100
Left 1976-80	11	5	51	30	2	100
Left 1971-75	8	5	61	24	2	100
Left 1970 and earlier	3	7	69	19	2	100
Total	10%	5%	57%	25%	2%	100%

Note that the "still attending" figures in the table above exclude those who attended in 1980 but who graduated in that year or otherwise do not plan to return to school. Data were also compiled for all those who attended in 1980; these show the same basic pattern of preferences as the "still attending" group.

Type of Aid: The survey asked all persons 15 and over:

> "Government assistance is currently available to post-secondary students. In your opinion, should this assistance be:

- Aid which must be repaid, such as loans?
- Aid which is not repaid, such as grants and bursaries?
- A combination of repayable and non-repayable aid?"

The answers showed a preference for a combination of loans and grants, followed by loans alone. There was relatively little support for an all-grants program. This pattern occurred in all provinces. Again Newfoundland was an exception; the second choice of its residents was a non-repayable aid program.

Views of all persons age 15 and over on type of aid

	Repayable aid	Non-repayable aid	Combination	Don't know, other	Total
	%	%	%	%	%
Newfoundland	16	21	50	14	100
Prince Edward Island	24	-	54	-	100
Nova Scotia	32	15	47	6	100
New Brunswick	27	14	53	6	100
Ontario	38	7	47	8	100
Manitoba	31	11	52	6	100
Saskatchewan	38	10	46	6	100
Alberta	32	9	54	5	100
British Columbia	33	12	49	6	100
Total (excluding Québec)	35%	10%	49%	7%	100%

These figures do not seem to be greatly affected by existing differences in provincial aid programs. Preferences in Alberta (where programs have been mainly loan-based) and in Ontario (where a grant-only program operates for many undergraduates) were similar to those in other provinces where aid is usually a mix of loans and grants. Similar results held in Québec where the survey in that province found that well over half of those surveyed favoured a combination of repayable and non-repayable aid.

Because type of aid is a complex matter, one might expect that preferences might be different depending on awareness of existing programs. This proved to be the case.

Views of all persons age 15 and over on type of aid

	Repayable aid	Non-repayable aid	Combination	Don't know, other	Total
	%	%	%	%	%
Aware with some direct experience	29	7	61	2	100
Aware but no direct experience	39	10	43	8	100
Not aware	33	12	43	12	100
Total	35%	10%	49%	7%	100%

People who had had direct experience with student aid programs were more likely to favour combination programs, at the expense of all the other choices. This held true in all provinces as well. In each province, those who were aware of the programs and had direct experience were more likely to favour combination programs and less likely to favour loan-only or grant-only programs.

Opinions regarding type of aid were about the same for both men and women and for persons in different income groups. By age, support for combination programs was highest for those in age groups that were closest to the traditional post-secondary age. Support for loan-only programs increased with age, with more people aged 55 and over favouring loan-only programs than combination programs. And, except for teenagers, support for non-repayable aid programs only was at about 10% or less for all age groups.

Views of persons age 15 and over on type of aid

	Repayable aid %	Non-repayable aid %	Combination %	Don't know, other%	Total %
Age 15-16	22	18	51	9	100
Age 17-19	19	13	64	5	100
Age 20-24	26	10	57	6	100
Age 25-34	31	10	54	5	100
Age 35-44	36	10	48	6	100
Age 45-54	38	9	48	5	100
Age 55-64	45	7	41	7	100
Age 65-69	48	6	35	10	100
Age 70 and over	50	5	28	16	100
Total	35%	10%	49%	7%	100%

Persons at age 35 and over who were parents of post-secondary students were more likely to support combination programs than those who were not parents (46% and 40% respectively). These findings held true regardless of the income or educational attainment of the parents.

Turning to persons under the age of 35 who themselves had attended post-secondary institutions, there was even greater support for combination programs (65%) with less support for loan-only schemes. The same pattern held true for those who attended universities and those who attended other kinds of post-secondary institutions and those who attended for different lengths of time. Support for combination programs was particularly high for those currently attending post-secondary institutions.

Views on type of aid, persons under the age of 35 who attended full time in Canada

	Repayable aid %	Non-repayable aid %	Combination %	Don't know, other%	Total %
Still attending	17	8	73	2	100
Left in 1976-80	25	8	66	2	100
Left in 1971-75	26	8	66	1	100
Left in 1970 and earlier	33	4	61	1	100
Total	26%	7%	65%	2%	100%

The relatively greater support for combination programs among those under 35 with at least some post-secondary education was evidenced in all provinces.

Views on type of aid, persons under the age of 35 who attended full time in Canada

	Repayable aid %	Non-repayable aid %	Combination %	Don't know, other%	Total %
Attended in Nfld. only	15	15	66	3	100
Attended in P.E.I. only	16	15	68	-	100
Attended in N.S. only	19	6	74	1	100
Attended in N.B. only	17	11	70	1	100
Attended in Ont. only	30	6	62	2	100
Attended in Man. only	21	7	70	1	100
Attended in Sask. only	20	8	69	3	100
Attended in Alta. only	23	3	73	1	100
Attended in B.C. only	24	8	67	2	100
Attended in more than one province	15	11	74	-	100
Total (excluding Québec)	26%	7%	65%	2%	100%

Perhaps the most interesting difference among those with post-secondary experience was between those who themselves had been in receipt of aid and those who had not. While support for combination programs was highest in all groups, those persons who themselves had been in receipt of loans only were somewhat more favourable to loan-only programs than were other aid recipients. Those who received grants only, however, did not favour all grant programs to any greater extent than other students.

As in other provinces, the Québec survey showed even greater support for combination programs among those who were or had been post-secondary students. Among those aged 16-37 in Québec who were post-secondary students, 72% favoured a combination of repayable and non-repayable aid.

Views on type of aid for persons under the age of 35 who attended full time in Canada

	Repayable aid %	Non-repayable aid %	Combination %	Don't know, other%	Total %
Received loan but no grant	26	9	65	-	100
Received grant but no loan	19	9	70	1	100
Received both grant and loan	14	7	78	1	100
Received neither loan nor grant	30	6	61	3	100
Total	26%	7%	65%	2%	100%

Supplementary data indicate that support for combination programs, at 82%, was highest for those persons who were still attending post-secondary institutions and who were themselves in receipt of both repayable and non-repayable aid.

Family Contribution and Means Test: The survey also asked a question about the means test:

> "Income is a factor in determining the amount of aid available to post-secondary students. In your opinion, should this income be
>
> - The income of parents only?
> - The income of students only?
> - The combined income of parents and students?
> - Should there be an equal amount to each student, not depending on income?"

Again the survey showed a clear preference for the principles underlying existing arrangements where the income of both parents and students is taken into account in calculating the amount of government aid. Nearly half the population favoured this arrangement with 18% favouring an equal amount for all (ie., no means test) and another 18% favouring taking student income only into account.

Caution should be used in interpreting the "equal amount to each student" response because the question was worded to obtain views on the respective financial roles of parents and students. Somewhat different answers might have resulted from a question contrasting a means-tested program with a program providing a general grant to all students.

Views of persons age 15 and over on income as a factor in determining aid

	Parents only %	Students only %	Parents & students%	Equal amount%	Don't know, other %	Total %
Newfoundland	6	15	34	32	14	100
P.E.I.	-	-	47	-	-	100
Nova Scotia	5	18	45	24	8	100
New Brunswick	10	19	36	23	11	100
Ontario	6	16	51	16	10	100
Manitoba	7	15	53	16	9	100
Saskatchewan	7	20	43	22	8	100
Alberta	7	24	42	19	8	100
British Columbia	7	22	45	16	9	100
Total (excluding Québec)	7%	18%	48%	18%	9%	100%

The same pattern held generally in all provinces except Newfoundland where almost as many favoured an equal amount for all as favoured taking into account the incomes of both parents and students. The results of the Québec survey were very similar to those in the other provinces although the question was worded somewhat differently.

Since the concept of a contribution to a means test is quite complex for a single question, it might be expected that there would be major differences in the opinions of those with differing levels of awareness of the programs. This proved to be only partly true. Preference for counting the income of both parents and students, or students alone, was somewhat higher for those with higher awareness levels, while support for an equal amount for all was somewhat lower.

Views of persons age 15 and over on income as a factor in determining aid

	Parents only %	Students only %	Parents & students %	Equal amount%	Don't know, other %	Total %
Aware with some direct experience	6	24	50	15	5	100
Aware but no direct experience	7	16	49	18	10	100
Not aware	7	16	42	21	14	100
Total	7%	18%	48%	18%	9%	100%

The same basic pattern of preference held for those in different income groups and for both men and women.

Persons in the traditional post-secondary age groups gave most support to counting only a student's income in determining student aid. Some 32% of those aged 20-24 favoured this option, but this was still below the 41% in this age group who preferred taking the income of both parents and students into account.

The parents of post-secondary students shared about the same pattern of preference as those who were not parents.

Persons under the age of 35 who themselves were, or still are, post-secondary students felt that the income of both parents and students needed to be taken into account in the means test to the same extent as did the general public (48% favouring this option). However, a larger percentage of the under-35 group favoured counting a student's income only (28%) while fewer favoured an equal amount for all (15%). There were no major differences in this pattern by type of post-secondary institution, by sex or by the number of years that the person attended. However, there were differences by length of time since leaving school. The more recent the post-secondary experience, the more likely are persons to favour taking account of student income only. For current students, this approach is about as popular as counting the income of both parents and students.

Views on income as a factor in determining aid, persons under the age of 35 who attended full time in Canada

	Parents only %	Students only %	Parents & students%	Equal amount%	Don't know, other %	Total %
Still attending	3	40	41	13	3	100
Left 1976-80	4	35	43	15	3	100
Left 1971-75	6	22	53	15	4	100
Left 1970 or earlier	7	18	58	12	5	100
Total	6%	28%	48%	15%	4%	100%

The pattern of preference was about the same for students and former students in all provinces. Students and former students in Newfoundland gave above average support (25%) to "equal amounts to all", but not to the same extent as did the general public in Newfoundland (32%). Alberta was the only province where support among students and former students for taking students' income only into account in the means test exceeded support for taking the income of both parents and students (38% and 37% respectively). The separate Québec survey produced results similar to those in most other provinces; 39% of the 16-37 age group who had attended post-secondary institutions favoured taking a student's income only into account, only slightly less than the 41% who favoured taking into account the income of both parents and students.

The survey indicated that persons who themselves received loans (either loans only or in combination with grants) were more likely to prefer dropping the parental contribution than were those who received only grants or who received no aid at all.

Concentration of Opinions: When answers to the three opinion questions, taken together, were compared, the results showed considerable concentration of opinion in support of the principles that underlie existing programs. The largest group that gave identical answers to all three questions (17% of the population) felt that:

- responsibility for paying the cost of post-secondary education belonged both to parents and students, with government aid if needed;
- the income of both parents and students should be taken into account in the means test;
- there should be a combination of repayable and non-repayable aid.

The second largest grouping (representing 12% of the population) favoured existing principles with respect to responsibility for funding and means tests, but favoured an all-loan program rather than a mix of loans and grants. After that, there were five concentrations that each counted for about 4 or 5% of the population. All of these involved some preference for existing principles in at least one question.

6.3 Views of Present and Former Post-Secondary Students

Persons under the age of 35 who attended a post-secondary institution in Canada correspond approximately to the potential audience to which the CSLP and provincial aid programs have been addressed. Section 6.2 indicates that their views on key student aid principles are about the same as those of the public at large. This group was also asked a more particular question relating to possible changes in student aid programs.

> "Some suggestions have been made about government student assistance programs. I would like you to tell me whether you strongly agree, agree, disagree, or strongly disagree with each of the following:

- To reduce the amount of financial aid to students, more opportunities for part-time work should be provided.
- Government aid should be available to part-time students as well as full-time students.
- The condition for repayment should be based on the borrowers' ability to repay.

- Students who successfully obtain a degree, diploma or certificate should have to repay only a portion of their student loan."

Opinions on these topics were generally not strongly held, with the "agree" or "disagree" answers in total being much more common than "strongly agree" or "strongly disagree". There was a clear positive response to the first three suggestions with 75 to 80% support (either "strongly agree" or "agree"). On the other hand, 67% were opposed to loan remission. However, this does not necessarily mean disagreement with all loan-remission schemes; for example, it might well be that there would be stronger support for schemes where remission was linked to financial need.

Views on possible changes in student aid programs, persons under the age of 35 who attended full time in Canada

	Strongly agree %	Agree %	Disagree %	Strongly disagree%	Total %
Part-time work opportunities..............	21	57	18	4	100
Aid to part-time students...	14	61	21	3	100
Repayment linked to ability to repay...........	23	57	16	4	100
Some loan remission.........	8	25	49	18	100

The data were examined in terms of the number of years since the individual left post-secondary education, the type of post-secondary education and number of years attended, sex and present family income, province and type of aid received (if any) while at post-secondary institutions. The same basic patterns of preference as indicated in the table above held for all groups. Variations from the basic pattern include:

- Support for reducing aid by providing more opportunities for part-time work varied with length of time since leaving school (68% of those still attending agreed or strongly agreed, while 85% of those leaving in 1970 or earlier agreed or strongly agreed).

- Support for extending aid to part-time students was evenly spread among demographic, educational and geographic groups.

- Linking repayment to ability to repay was related to time since leaving school (84% of those still attending either agreed or strongly agreed compared with 75% of those who graduated in 1970 or earlier). Perhaps surprisingly, there was little difference in the opinions on this subject between those who themselves had borrowed and those who had not.

- Support for loan remission was also directly related to years since leaving school with greatest support (40%) among those still attending and least support from those who attended in 1970 or earlier (24%). Those who had themselves received student aid were somewhat more favourable to remission than those who had not (38% and 31% respectively). Support for remission was about the same among those who attended school in provinces that have loan remission plans as in those that did not.

The separate Québec survey showed the same high support for the first three statements about possible changes in student aid and a lack of support for remission. The Québec survey also asked the question of persons who were not part of the 16-37 age group who had taken post-secondary education. This wider population followed about the same pattern of preferences as did present and former students, generally indicating greater agreement with the statements.

The Statistics Canada survey also asked persons who indicated they had been in receipt of aid whether they had experienced any benefits or problems with student aid. The questions asked were:

- "Did receiving student aid provide you with any opportunities or benefits while you were a student which would not have been available without the programs?"
- "Did you have any problems with the student assistance programs?"

Some 78% of those expressing an opinion indicated they had received a benefit or opportunities, 20% indicated they had not, and 2% were uncertain. The same pattern existed for those still at school and those who had completed their studies.

Only 19% of aid recipients reported a problem. Some 77% indicated no problems, while the remaining 4% did not state their view. There was some overlap in the answers. Setting aside the "don't knows" and "didn't states", the following table indicates that most of those with a problem also indicated a benefit.

	Benefit %	No Benefit %	Total %
Problem	15	5	20
No problem	64	16	80
Total	79%	21%	100%

The same pattern of response existed in most provinces.

Percentage of students receiving aid who indicated either a benefit or a problem

	Benefit %	Problem %
Attended in Newfoundland only	71	10
Attended in Prince Edward Island only	71	-
Attended in Nova Scotia only	78	19
Attended in New Brunswick only	87	17
Attended in Ontario only	79	19
Attended in Manitoba only	75	14
Attended in Saskatchewan only	76	9
Attended in Alberta only	75	19
Attended in British Columbia only	76	22
Attended in more than one province	74	32

In the separate Québec survey, 83% of aid recipients indicated a benefit and 29% indicated a problem.

Students at the university level were more likely to report benefits (81%) than were students at the community college level (71%). Those at the university level also reported somewhat more problems than those at the community college level (21% and 17% respectively). There were no major differences in the replies of men and women.

Individuals were also asked to identify the particular type of benefit received and the type of problem encountered. While these questions were not well answered, they do give an approximate picture of the perceived types of benefits and causes of problems.

The most frequently mentioned benefit was that aid enabled the individual to attend a post-secondary institution. Some 71% of those who indicated a benefit gave this reply. The next most commonly noted benefit was that aid allowed the student to devote more time to studies; 48% indicated this response (note that individuals could give more than one response to this question and the total therefore is more than 100%).

Benefit or Opportunity	Percentage of those indicating a benefit	
	Total %	Students attending in 1980 %
Was able to attend	71	71
Was able to devote more time to studies	48	55
Less support required from parents	44	44
Better/different standard of living	27	30
Allowed enrolment in preferred programs/ institutions	16	15
Other	3	7

Care must be taken in interpreting this table. The large number indicating "was able to attend", for example, should not be interpreted to suggest that all these students felt they would not have been able to participate without aid. This can be seen by the fact that over 60% of those giving this answer also gave other answers that implied that they would have participated, but with more reliance on other types of resources such as parental support or part-time work or by reducing costs by taking a less preferred course or by existing on a reduced standard of living.

The main problem encountered was insufficient aid, with 53% of those reporting indicating this category. Other sizeable problems were delays in obtaining aid and a perception that the program expected too great a contribution from parents. The number of persons reporting problems was too small to allow a separate analysis for current students. Note again that individuals reported more than one type of problem and the percentage therefore totals more than 100%.

Problem	Percentage of those reporting a problem
Did not receive sufficient aid	53
Delay in obtaining aid	39
Program expected too great a contribution from parents	36
Was not considered independent	26
Procedures too complicated	12
Insufficient information	11
Difficulty in obtaining aid for study outside province/country	5
Other	13

Problems with student aid programs can exist not only with those who receive student aid but also with these who are potentially eligible but do not apply because of a lack of knowledge or an expectation that the program would not provide sufficient assistance. The survey therefore asked those who had not applied the reasons for not doing so. Multiple answers were again allowed.

Non-application reasons	Percentage of those who indicated a reason	
	Total %	Student attending in 1980 %
Not enough money from other sources	45	45
Had enough money from working	38	39
Did not want to go into debt	16	16
Was not eligible	14	22
Did not know about program	10	6
Not enough money could be obtained from source	1	1
Other	5	6

The results show that, both for current and former students, the main reason for not applying was that students had enough money from working and from other sources. Those who gave other reasons usually also indicated this one; for example, more than half of those who indicated that they did not want to go into debt also indicated that they had enough money from working and from other sources.

6.4 Views of Student Aid Officers

Student aid officers who administer existing programs are particularly well situated to assess these programs as they have an intimate knowledge of both the way they operate in practice and of the needs of students. The Task Force therefore conducted a survey of 280 officers to determine their views on existing programs and to obtain suggestions for changes. While results varied from province to province (doubtless on account of the considerable variation among provincial programs), the survey results reflected basic agreement with the approach of existing programs but indicated considerable concern that improvements were needed. Highlights of this survey were:

- Nearly all student aid officers accepted the need for government aid and most felt a mix of loans and grants was needed.
- Two thirds felt that the mix of loans and grants should be altered. Over half felt there should be more non-repayable aid. Popular suggestions included a sliding scale of loans and grants that would favour the disadvantaged, and a system with more grants in earlier years and more loans in later years.
- Nearly all felt that aid should continue to be based on financial need (as opposed to academic achievement, or an equal amount for all, or left up to the student to determine).
- Over 70% felt that aid should be related to the income of both parents and students. Some 25% felt aid should be related only to the income of students.
- While most felt that parents' resources need to be taken into account, some 60% were not satisfied with present criteria for determining dependence/independence. The largest group (nearly 20%) favoured independence at age 18 or when post-secondary study begins. Almost the same number referred to a specific proposal made by the awards officers' association which is described below. (See * near bottom of next page.)
- While not satisfied with existing independence criteria, the majority still felt that parents should maintain at least the same level of support after the age of 18 as before.
- About 70% felt that prospective post-secondary students did not have sufficient prior knowledge of the availability of student aid. More publications and visits to schools were suggestions for disseminating information more adequately.

Perhaps the most important finding from this survey was that 60% of student aid officers felt that not all students with financial need receive aid, and about half of the remainder felt that the amount of aid was not always enough. Main reasons for the dissatisfaction were:

- Aid insufficient, need to keep up with inflation.

- Too much expected of parents, problem of parents who don't help, aid needed for part-time students.

- Not enough aid for married, single parents, disadvantaged.

- Borrowing limit too low.

Independently of the survey, the Task Force received a submission from the student awards officers' national association, the Canadian Association of Student Financial Aid Administrators (CASFAA) which translated these kinds of concerns into concrete recommendations. Highlights of the recommendations were:

- The federal government should continue to play an important role in financing aid, but there needs to be a re-examination of federal student aid objectives and a clarification of the federal role. Both levels of government should agree on a common set of objectives but responsibility for meeting a particular objective should be given to a particular level of government.

- A "sunset" provision should be included in the CSL Act to ensure more regular reviews and evaluations.

- Aid should be extended to part-time students and to those attending summer and other courses of six weeks' duration or more.

- The CSL Act should be amended to take into account increased educational costs and loan amounts should be expressed on a weekly basis.

- Another six-month interest-free period should be allowed for those who document they cannot find employment after leaving school. Consideration should be given to allowing interest on CSLP loans to be counted as deductions for income tax purposes.

- An independent student should be defined as one who in the preceding year and during the time covered by the application, is not living with his parents, or is not being claimed as a dependent for income tax purposes, or is not in receipt of money equivalent to tuition from parents. (CASFAA representatives, however, did not pursue this recommendation during the course of a meeting with the Task Force and they acknowledged the difficulties of controlling this type of provision.)*

- Provisions regarding the treatment of part-time earnings need review.

- Toll-free telephone access and an information/inquiry service should be introduced to permit financial aid administrators, students and their parents to communicate directly with the CSL staff in Ottawa.
- An imaginative and vigorous publicity program should be mounted to inform students, particularly in lower secondary school grades, and their parents, of financial aid opportunities at the post-secondary level.
- The federal government should provide financial aid officers with the necessary resources to offer debt management seminars and interviews with students leaving post-secondary institutions in order to reduce the incidence of loan default.
- Lending agencies should take a more active role in impressing on students their repayment rights and responsibilities.

6.5 The Views of Student Organizations

The Task Force received over 40 submissions from student councils and provincial and national student associations. As a number expressed general support for proposals put forward by the National Union of Students (NUS), the NUS submission will be summarized and a more general description of other submissions will follow. The NUS submission along with those from several other student organizations provided the Task Force with much useful background information as well as concrete recommendations.

The NUS submission recommended a comprehensive national student assistance program which, in the view of the NUS, would be capable of meeting the total assessed financial need of applicants and would be administered by the provinces according to uniform national concepts and criteria agreed upon by the provinces and federal government. This national program, which would provide aid in the form of bursaries only, would replace not only the existing network of CSLP and associated provincial programs but also the student financial assistance provided by deductions in the personal income tax system. The NUS estimated that the extra revenue obtained by dropping the income tax deductions would pay for the extra cost of providing bursaries rather than loans.

The NUS proposed that assistance continue to be allocated on the basis of assessed need, supplementing rather than replacing other resources available to the student. The resulting means test would be based on a national standard of living costs, adjusted regionally to reflect regional differences in living costs and adjusted annually to keep pace with the cost of living. The submission made a series of concrete recommendations on the calculation of costs and resources, perhaps the most important being that there be no mandatory requirement for a parental contribution. Also, it recommended that only the actual earnings from summer employment should be taken into account.

The NUS recommended that the objectives of general student assistance programs should be:

- To provide financial assistance to Canadian citizens and permanent residents to attend post-secondary education institutions.
- To encourage and assist Canadian citizens and permanent residents who are capable of and willing to pursue post-secondary education.
- To remove all financial barriers to post-secondary education in order to promote equal opportunity for, and increased participation of, people from lower socioeconomic backgrounds and disadvantaged groups.

Other recommendations included:

- The level of financial assistance should be assessed on a weekly basis with limits to assistance being students' actual assessed need.
- Part-time students should be eligible for assistance.
- Campus financial awards officers should have the authority to automatically adjust aid awards in cases where the awards officers have been shown to their satisfaction that students' costs exceed the means test allowances.
- Provincial appeal bodies should be established in each province, independent of the original awards body, and consisting of students, financial awards officers and provincial student association representatives.
- Significant student representation should be guaranteed on any provincial or national student aid decision-making, recommending or coordinating bodies.

Submissions from other student groups tended to reiterate or emphasize points made by the NUS. A number of additional points were raised, as were other aspects of issues which the NUS had only briefly mentioned. The separate submissions also provided useful critiques of the aid programs in the different provinces.

Most submissions argued for total independence of students at the age of 18 (or, in some cases, when they begin post-secondary education which could be earlier). The student submissions usually argued that there be no requirement for financial support from parents or from spouses. Most student groups were critical of present administrative rules on summer and in-term earnings. It was their contention that too much is expected from those earnings, especially for women who find employment hard to obtain and, when secured, often get lower wages than men. Student submissions were also generally critical of the bases on which costs are assessed, claiming that they were generally under-assessed and that assessed costs did not provide for a reasonable standard of living.

Portability, aid to part-time students and aid for short courses were supported in many submissions from students. Most student submissions also mentioned the special needs of the poor, aid to single parents, the need for daycare and adequate allowances for such care, the need for a national plan and the need to defer loan repayment to six months after securing employment. Ontario students were generally critical of the limitation of Ontario grants to eight undergraduate terms. Some submissions assumed that loans would likely continue to be a part of student aid programs.

6.6 Views of Officials of Post-Secondary Institutions

The Association of Universities and Colleges of Canada (AUCC) made a submission to the Task Force which recommended that the CSL be replaced by a Canada Student Bursary Program (a bursary with recovery linked to income after graduation) and that provincial assistance programs be studied with a view to replacement by provincial grant and/or bursary programs. The extra costs of the bursaries would be met by recoveries from the student after graduation, using a system of deferred income taxation. The AUCC proposal had a number of similarities with income contingent loan repayment schemes that have been proposed from time to time in Canada and,particularly, in the United States. AUCC calculations indicated that such a program would be more costly to governments for the first 10 years, but that there would be savings thereafter. The advantage of this approach is that it would promote accessibility to post-secondary education while taking into account the students' ability to repay government assistance in a more equitable manner.

As well as the major proposal for a bursary scheme with income contingent repayment, the AUCC made a number of specific recommendations including the following, that:

- any recoveries of assistance be dependent upon the student's ability to repay;
- ceilings on assistance be removed and that total recognized needs of students be met;
- all barriers to interprovincial mobility of students be removed from student assistance programs;
- students be eligible for federal and provincial government assistance if they are registered in any course of studies lasting at least six weeks;
- part-time students who enroll in a course of studies of not less than six consecutive weeks be eligible for federal and provincial student assistance;

- the maximum parental contribution be established based on the effective parental income but independent of the number of dependents in post-secondary institutions and that the CSLP parental contribution table be adjusted so that expected parental support is not unreasonable in terms of the family budget;

- any barriers to the availability of welfare assistance to students enrolled in university programs be removed, that a revised student aid program recognize the special needs of those students, and that federal student aid assistance programs be coordinated with various other federal and provincial funding programs providing assistance to students;

- the federal and provincial governments provide an emergency fund to each recognized post-secondary institution, such emergency fund to be allocated to needy students at the discretion of an appointed institutional official.

The Task Force also received a submission from the Association of Canadian Community Colleges (ACCC). The ACCC, unlike the AUCC, found less inherent difficulty with present approaches to student aid and its submission was directed to improving the existing system. Specific recommendations included those that:

- the criteria necessary for students to qualify for assistance be reduced from the present 60% to 40% of a full course load;

- administrative personnel be given more authority to deal with cases where parents refuse to support the student financially;

- there be a complete and thorough review of all processing procedures with the intention of reducing turn-around time;

- the criteria necessary for self-supporting status pertaining to work experience and the length of attendance in post-secondary education be reduced to 12 consecutive months of full-time employment or two years of full-time post-secondary education;

- on-the-job training expenses be included in the assessment of need;

- the local cost of living be considered when calculating the student contribution from summer earnings and assessing the student need;

- loan limits be increased yearly according to the cost-of-living index.

Some 65 submissions were received from officials of individual post-secondary institutions. These expressed a variety of views on the type of aid that should be available, but generally a combination of loans and grants was favoured (or at least accepted as being all that was possible). Concern was often expressed that poorer students ended up with the most debt and perhaps in lower-paying employment. A few submissions also felt too much emphasis could be placed on aid programs, that real poverty on campuses was not a major problem and, while the poor needed help, middle-income families also experienced financial problems especially if two or more children pursued post-secondary education concurrently.

There was strong support for aid to part-time students, for those in shorter courses, for portability and the need for a national plan.

No widespread interest was expressed in income-contingent repayment loan schemes. The Task Force was informed that, while the Canadian Association of University Teachers was carrying out research in this area, the timing did not permit that organization to make a formal submission.

6.7 Other Views

The Task Force received submissions from a number of other organizations including the Canadian Labour Congress, the United Church of Canada, the Single Parents Action Group and a number of letters from other organizations and individual citizens. The June 1980 survey of the general public sponsored by the Task Force provided room for a number of write-in answers as well as statistical questions and thus provided for an added expression of public views on student aid topics. In general, the range of concerns expressed was similar to those described in the preceding sections. As well, views expressed by individual citizens provided illustrations of concrete problems encountered. Submissions from individuals tended to express more concern about the control aspects of the program and about possible abuses than did submissions from organizations.

6.8 Summary of Current Views

The findings of the Task Force's review of current views, as derived both from its surveys and from its program of consultation with interested groups and individuals, can be summarized as follows:

- There was widespread public support for the main principles on which existing student aid programs are based, namely that government aid is to supplement the resources of students and parents where needed, that aid should be a combination of loans and grants and that the means test should count both the income of parents and students. With few exceptions, these views were held by most individuals in all provinces and in all age, sex and income groups. Preference for these arrangements existed for those who themselves were or had been post-secondary students, for parents of post-secondary students as well as non-parents, and for those who have had some experience with student aid and those who have not.

- Those who are now post-secondary students share the view that students and parents should pay student costs with government aid if needed. They expressed even greater support than the public at large for a combination of repayable and non-repayable aid, but unlike the general public almost the same number of students felt that students' income only should be taken into account in the means test as felt that the income of both parents and students should be taken into account.

- The intended audience for the CSLP and associated provincial programs (those under the age of 35 who had attended a post-secondary institution) agreed with the following statements:

  - more opportunities for part-time work should be provided in order to reduce the amount of financial aid to students;

  - government aid should be available to part-time as well as full-time students;

  - the conditions for repayment should be based on the borrower's ability to repay.

  However, they disagreed with the statement that

  - students who successfully obtain a degree, diploma or certificate should have to repay only a portion of their student loan.

- Of those who had received student aid 78% of those expressing an opinion felt that they had received some benefit from the program and 19% indicated they had experienced a problem. The main benefit was that the program allowed the student to attend. The major problem was insufficient aid.

- Submissions to the Task Force largely corresponded to public opinion regarding the purposes of student aid. There was general support for the principle that government aid should supplement the resources of students and parents and that a means test continues to be needed.

- Submissions indicated that there was widespread identification of the following problems:

  - because of aid ceilings, insufficient aid was reaching a significant minority of students, particularly self-supporting students who themselves had dependents;

  - aid should be extended to part-time students and those taking short courses;

- the present approach to student self-support status and parental contribution was increasingly out-of-date and causing real hardship;
- more uniformity among provinces on benefits was needed;
- portability was a problem;
- there should be greater awareness of aid programs, particularly among secondary students;
- present cost allowances within the means test should be reviewed, particularly with regard to regional differences.

- Submissions differed on the kind of aid that should be provided. Perhaps the largest number of submissions supported (or accepted) the continued existence of programs that combined guaranteed loans and grants along existing lines. However, two large associations presented cases for a new approach to aid. The Association of Universities and Colleges of Canada recommended the establishment of a bursary scheme but with recovery on an income contingent basis. The National Union of Students recommended an all-grant program.

PART III - REVIEW

7. THE TASK FORCE'S ANALYTIC FRAMEWORK

As indicated in Part II there have been many previous studies of student aid both in Canada and other countries. This student aid literature is reasonably well-developed and contains considerable relevant empirical information about the operation and environment of student aid programs. The Task Force used this existing information not only in its deliberations on particular points, but also in developing a framework for use in its review of existing programs and in its development of alternatives for future programs. This framework consists of a list of objectives, principles and associated issues. In constructing this list, the Task Force first looked at the objectives and principles that either governed existing student aid programs, or had been identified in the student aid literature or had come to the attention of the Task Force through submissions or other means. The most important questions surrounding each objective and principle were identified as "issues".

These objectives, principles and issues therefore serve not only as the basis against which existing federal and provincial student aid programs have been reviewed by the Task Force but also as the basis for assessing future trends and predictions and for proposing what objectives and principles should underlie alternative student assistance policies and programs in the future.

Exhibit 9, following, acts as an index to the next three chapters, showing the sections where each of the objectives, principles and issues is addressed.

The Task Force identified two types of objectives:

- "direct objectives" - the immediate, operating purpose or purposes of the policies or programs, what they are primarily set up to accomplish;
- "other objectives" - other purposes which are being addressed by various governmental instruments and programs and to which student aid policies may contribute.

"Principles" are defined as the general rules and major external factors that must be taken into account in the design and implementation of student aid policies and programs.

"Issues" are the particular questions and problems which may arise in applying objectives and principles, or in assessing their importance.

Exhibit 9 Summary of the objectives and principles and associated issues of general student assistance programs

Objective or principle	Associated issue
DIRECT OBJECTIVE	
A. Student Well-Being Objective To allow all qualified, financially needy students to engage in post-secondary education without undue financial hardship. (See Section 10.1 for discussion of this objective.)	A.1 Demand for Post-Secondary Education - In assessing future student assistance policy and programs, what assumptions should be made about the number of students with different characteristics who will apply for enrolment in different post-secondary fields of study? To what extent are groups other than those traditionally involved in post-secondary education likely to participate in post-secondary education in the eighties? What are the implications for student aid programs? (See Section 9.2 for a discussion of this issue).
	A.2 Educational and Maintenance Costs Issue - What assumptions should be made about the amounts of money that will be required to participate in post-secondary education in the next decade? (See Section 9.3 for a discussion of this issue.)
	A.3 Student Employment Issue - What assumptions should be made about the size, during the eighties, of the financial contribution which could come from a student's own employment while attending courses or during the summers? (See Section 9.4 for a discussion of this issue.)
	A.4 Basic Needs Issue - To what extent do existing student assistance programs meet the educational and maintenance costs of financially needy students, including those students with above-average needs? How can programs provide a fair level of support in the future? (See Section 8.2 for a discussion of this issue.)

	A.5 Program Differences Issue - What characteristics of existing student assistance programs have been most appropriate for different categories of post-secondary education? What characteristics are likely to be most appropriate given future trends in the structure of and demand for post-secondary education? (See Section 8.3 for a discussion of this issue.)
OTHER OBJECTIVES B. Equal Opportunity Objective To improve equal opportunity of access to post-secondary education by reducing geographic, socioeconomic and other constraints on participation. (See section 10.2 for discussion of this objective.)	B.1 Socioeconomic Constraints Issue - Which characteristics of existing student assistance programs have been most successful in reducing socioeconomic constraints (i.e. those arising from the socioeconomic position of an individual's family) on participation of those individuals who are potentially able to benefit from post-secondary education? Which characteristics are most likely to reduce such constraints in the future? (See Section 8.4 for a discussion of this issue.)
	B.2 Demographic and Geographic Constraints Issue - Which characteristics of existing student assistance programs have been most successful in reducing constraints arising from the individual's place of residence, age, sex, mother tongue and ethnicity on participation of individuals who are potentially able to benefit from post-secondary education? Which characteristics are most likely to reduce such constraints in the future? (See Section 8.5 for a discussion of this issue.)
C. Participation Objective To encourage participation in post-secondary education of all Canadians who have the potential to benefit from such participation, regardless of financial capacity. (See Section 10.3 for discussion of this objective.)	C.1 Increased Participation Issue - What characteristics of existing student assistance programs have been most successful in encouraging increased participation of those who are eligible to participate? What characteristics are likely to encourage specified levels of participation in the future? (See Section 8.6 for discussion of this issue.)

PRINCIPLES

D. Shared Responsibilities Principle

Student assistance programs should be designed and administered in a way that places a fair distribution of costs, benefits and responsibilities on students, on society as a whole as represented by governments and on other sources of funding. Student assistance programs should supplement, not replace, the resources that students receive from their own earnings and from other sources, including a financial contribution from parents or spouses in cases where there are ties of financial support between students and their parents or spouses. (See Section 10.6 for a discussion of this principle.)

D.1 Who Pays Issue - How is the cost of financing post-secondary education shared among population groups? What has been the effect of the means test? Is there evidence of public satisfaction or dissatisfaction with existing sharing arrangements that has implications for future general student assistance programs? (See Section 8.7 for a discussion of this issue.)

D.2 Non-Government Aid - What characteristics of existing student assistance programs have encouraged or discouraged aid, including scholarships, from non-government sources? What characteristics are likely to increase such aid in the future? (See Section 8.8 for a discussion of this issue.)

D.3 Interest Rate Issue - Have the interest rates paid on the loan portion of existing programs been fair from the perspective of governments, lending institutions and borrowers? If loans are to continue as part of aid programs, what would constitute a fair rate in the future? (See Section 8.9 for a discussion of this issue.)

D.4 Student Debt Load Issue - What level of debt load do existing general assistance programs place on different types of student? What problems resulting from debt load exist? Should programs be modified to reduce these problems in the future, and if so, how? (See Section 8.10 for a discussion of this issue.)

D.5 Collection Practices Issue - To what extent do existing programs treat students who do not follow the agreed upon terms and conditions of loan repayments as other citizens who do not keep similar obligations? In what circumstances would special treatment be desirable? (See Section 8.11 for a discussion of this issue.)

D.6 Self-support and Family Contribution Issue - What difficulties have existing criteria relating to family contribution created for parents, for spouses, and for students? How can such difficulties be minimized in the future? (See Section 8.12 for a discussion of this issue.)

E. Fairness, Responsiveness and Privacy Principle
Student assistance programs should be equitably and openly administered and information about the programs should be widely available. These programs should be administered in a way that minimizes the paperwork imposed on recipients and other non-governmental participants in the program, that allows easy access to the administrative process, and that protects the privacy and confidentiality of recipients and other participants. (See Section 10.7 for a discussion of this principle.)

E.1 Paperburden Issue - What characteristics of existing student assistance programs have placed the greatest volume of paperburden (i.e., total and average hours spent in meeting program requirements) and caused most irritation to applicants and other non-government participants? What characteristics are likely to minimize paperburden in the future? (See Section 8.13 for a discussion of this issue.)

E.2 Privacy Issue - To what extent do existing student assistance programs conform to the principles: that applicants have the right to see all information maintained about them, that applicants have the right to request corrections to personal information they believe to be in error, and that governments do not use personal information for any purpose not directly related to the program without the consent of the individual to whom the information per- tains? How can future programs most easily incorporate these provisions? (See Section 8.14 for a discussion of this issue.)

E.3 Responsiveness Issue - To what extent are existing programs sensitive and responsive to the publics they serve, including quick turn around time on applications and requests for information, ease of access to those responsible for making administrative decisions, and the use of understandable non-bureaucratic language in forms and letters? How can responsiveness be improved in the future? (See Section 8.15 for a discussion of this issue.)

E.4 Consistency Issue - To what extent do existing student assistance programs conform to the principle that decisions in particular cases should follow directly from known criteria and that individuals receive the same treatment except where there are relevant differences in their need. (See Section 8.16 for a discussion of this issue.)

E.5 Public Knowledge Issue - To what extent are all persons who are eligible for existing student assistance programs aware of those programs and of the means of applying for assistance? How can public knowledge be improved in the future? (See Section 8.17 for a discussion of this issue.)

E.6 Independent Appeals Issue - To what extent do existing programs allow for an appeal by the applicant, to an independent authority, of the decisions affecting the amount of assistance received or the terms of repayment? How can future programs provide for rights of appeal to independent authorities? (See Section 8.18 for a discussion of this issue.)

F. Management Principle

Student assistance programs should be administered efficiently and effectively and must recognize the fiscal and financial realities of the day. They should be administered in such a way as to foster accountability and prevent abuse and mismanagement by governments, students and other parties concerned. (See Section 10.8 for a discussion of this principle.)

F.1 Administrative Costs Issue - What characteristics of existing general student assistance programs result in lowest internal administration costs (i.e., the percentage of the total budget for these programs which is not received by students)? What characteristics are likely to provide lowest overhead in the future? (See Section 8.19 for a discussion of this issue.)

F.2 Operational Effectiveness Issue - What characteristics of existing programs result in the largest number of students receiving adequate financial assistance in relation to their total costs? What characteristics are likely to be most successful in this regard in the future? (See Section 8.20 for a discussion of this issue.)

F.3 Budget Size Issue - What assumptions should be made about the total size of the budget that will be available for government student aid programs in the eighties? (See Section 9.5 for a discussion of this issue.)

F.4 Control Issue - To what extent are existing general student assistance programs subject to systematic monitoring, audit and evaluation which cover all decision points in the program, as well as the amount of assistance provided in particular cases, and which reflect compliance with both program rules and broader management concerns? What is the extent of student abuse? In what specific ways, if any, does the administration of existing programs suffer from too many decision points or too many authorities responsible for different decision points? How can such difficulties be minimized in the future? (See Section 8.21 for a discussion of this issue.)

F.5 Default Issue - What characteristics of existing programs that involve loan repayments have resulted in low default ratios? What characteristics are likely to minimize defaults in the future? (See Section 8.22 for a discussion of this issue.)

G. Adaptability and Compatibility Principle
While the objectives and principles of student aid programs in all provinces must be essentially the same and allow for the mobility of students to study in other provinces, the programs should nevertheless be sufficiently adaptable to allow for special requirements that may exist in different regions and types of post-secondary education. (See Section 10.9 for a discussion of this principle.)

G.1 Special Needs Issue - What will be the main types of regional institutional special needs in the eighties that require assistance programs to have flexible administrative criteria or that require decentralized administration? (See Section 9.6 for a discussion of this issue.)

G.2 Flexibility Issue - What characteristics of existing student assistance programs have provided for special regional, institutional and other special needs in the most satisfactory fashion? What characteristics are likely to increase such flexibility in the future? (See Section 8.23 for a discussion of this issue.)

G.3 Portability Issue - How much mobility now exists at the post-secondary level and to what extent have provisions of existing general student assistance programs limited the opportunity of students to study in the province of their choice, without regard to current residence? Should any such limitations be minimized in the future? What characteristics of student aid programs could increase or decrease mobility in the future? (See Section 8.24 for a discussion of this issue.)

H. Consistency with Other Policies Principle
Student assistance programs should, where possible and where consistent with their own objectives and within budgetary allocations, be compatible with other social, economic and educational policies, including those directed to developing a highly qualified population, to reducing regional disparities, to encouraging scholastic performance and to promoting general social well-being and equity. (See Section 10.10 for discussion of the principle.)

H.1 Student Performance Issue - What characteristics of existing student assistance programs have been consistent with a policy of encouraging satisfactory student performance? What characteristics are likely to encourage satisfactory performance in the future? (See Section 8.25 for a discussion of this issue.)

H.2 Skills Acquisition Issue - What characteristics of existing student assistance programs have been most consistent with policies that encourage students to acquire and utilize specified socially desirable skills? What characteristics are likely to increase this compatibility in the future? (See Section 8.26 for a discussion of this issue.)

H.3 Special Aid Programs Coordination Issue - To what extent has there been coordination within and among provinces and with the federal government regarding special assistance programs with respect to informing potential applicants of the total range of assistance available and with respect to coordination with general programs? What problems, if any, have occurred because of the absence of such coordination? In what ways can such problems be reduced in the future? (See Section 8.27 for a discussion of this issue.)

8. REVIEW OF CURRENT PROGRAMS AND LESSONS FOR THE FUTURE

8.1 Nature of Task Force's Review

In assessing existing Canadian programs, the Task Force's mandate called for it to:

> "review the adequacy and appropriateness of existing federal and provincial programs of assistance, including such concerns as accessibility to post-secondary education, the financial needs of students, student debt load, and portability and compatibility of the various forms of student assistance."

By listing examples of specific topics to be addressed, the mandate clearly envisaged a review and analysis that would go well beyond generalities. The Task Force therefore addressed the review of existing programs by attempting to consider a reasonably comprehensive list of 26 specific issues or questions. These are the issues from the list in Exhibit 9 in Chapter 7 that pertain to existing programs.

Because the Task Force was primarily concerned with future changes in student aid programs and policies, it structured its discussion of each issue to include not only a review of adequacy and appropriateness of past performance but also an identification of any lessons which past experience held for the future.

It is this identification of lessons from past experience that is addressed in this chapter, each section of the chapter being devoted to a separate issue.

8.2 Basic Needs: Meeting the Financial Needs of a Post-Secondary Education

The direct objective of aid programs is to allow all qualified, financially needy students to engage in post-secondary education without undue financial hardship. In its review of existing programs, the Task Force looked at financial needs generally (in this section) and at the specific financial needs associated with different types of post-secondary programs (in Section 8.3).

The question of how well existing programs meet the financial needs of students was specifically referred to in the Task Force's mandate where it was stated that the Task Force was to review "such concerns as...the financial needs of students...".

The specific questions which the Task Force attempted to answer were:

Issue A4 - Basic Needs: To what extent do existing student assistance programs meet the educational and maintenance costs of financially needy students, including those students with above-average needs? How can programs provide a fair level of support in the future?

The Task Force first looked at how effectively existing aid was being channelled to students who had legitimate financial need. Section 8.4 presents clear evidence that, for the most part, aid is reaching students from lower-income families, presumably those with the greatest need. More direct confirmation that aid is reaching those in need can be obtained by a study of relative incomes and expenditures of aid recipients and non-recipients. An analysis along these lines was attempted in the Post-Secondary Student Survey, 1974-75, which found the financial patterns of borrowers (mainly recipients of student aid) and non-borrowers (mainly those who are not recipients of student aid and who indicated that they did not borrow because they had sufficient funds) were quite different. Average total incomes exceeded average total expenditures for all types of students but the surplus of incomes over expenditures was much greater for non-borrowers than for borrowers. In other words, the non-borrowers were in a better financial position than the borrowers.

In its June 1980 survey the Task Force asked aid recipients to identify any benefits or opportunities from receiving aid. Some 78% of those expressing a view indicated that they had received a benefit and, of those who indicated a particular type of benefit, some 71% indicated that aid had enabled them to attend. Although, for reasons stated in Section 6.3, these replies should not be taken as indicating that all these students felt they would have to drop out if aid were withdrawn, there can equally be no doubt that most recipients perceived themselves to be in serious need of the student aid.

The Task Force next asked whether the aid being provided was sufficient. Aid may be insufficient for two reasons: the existence of aid ceilings and the use of rigid uniform standards rather than actual costs and resources in the calculation of need. The question of aid ceilings is addressed first.

Aid ceilings: Student aid is calculated by subtracting the expected resources available to a student from the allowed costs that must be incurred by the student. The remainder is referred to as need. However, aid may not meet calculated need because of the existence of ceilings on the amount of loans and grants that students may receive, both in a particular year and over their entire post-secondary education.

As a consequence of aid ceilings and other factors, 34,000 students outside Québec received aid in 1978-79 below the level of need that was calculated in the means test. This represented about one quarter of all such students with need. The average unmet need was $1,474. (Students who did not receive aid because the means test indicated that need was less than $100 are excluded from the data in the remainder of this section. Also since the data are drawn from CSLP administrative sources, data relating to Québec students are not included.)

Unmet need is naturally concentrated among those with highest costs and least resources, particularly among married students where one half of those with need receive less aid than indicated by the means test.

Students with unmet need

	Number	As a % of total with need	Average amount of unmet need for those with unmet need
Married self-supporting students	10,071	55	$2,948
Other self-supporting students	11,746	26	917
Non-self-supporting students	11,884	16	744
Total (excluding Québec)	33,701	26%	$1,474

Unmet need is greatest in longer, more costly programs. Many students in longer programs are, of course, also self-supporting.

Students with unmet need

	Number	As a % of total with need	Average amount of unmet need for those with unmet need
Non-degree students	12,246	26	$1,514
Undergraduate students	19,222	23	1,372
Master's students	1,924	37	2,055
Doctorate students	309	47	2,537
Total (excluding Québec)	33,701	26%	$1,474

Unmet need is higher among students living outside the parental home and is particularly large for those studying outside Canada. Again, this is related in large measure to self-support status.

Students with unmet need

	Number	As a % of total with need	Average amount of unmet need for those with unmet need
Living in parental home	3,736	15	$ 674
Living outside parental home	29,965	27	1,573
Studying inside Canada	31,289	23	1,402
Studying outside Canada	2,412	72	2,395

Unmet need exists in all provinces. Note that two figures are given for Alberta. Those in brackets are used for purpose of consistency in calculating totals and they include students who opted to receive less than the amount for which they were eligible under the assessment procedures. This group is excluded from the data without brackets.

Students with unmet need

	Number	As a % of total with need	Average amount of unmet need for those with unmet need
Newfoundland	407	10	$1,165
Prince Edward Island	298	26	858
Nova Scotia	1,152	15	1,054
New Brunswick	1,942	31	846
Ontario	16,462	23	1,669
Manitoba	1,370	26	1,783
Saskatchewan	952	16	1,306
Alberta	(5,944) 700	(48) 6	(1,491) 1,400
British Columbia	5,090	33	1,158
Total (excluding Québec)	33,701	26%	$1,474

In the case of Alberta, the unmet need data derived from application forms must be treated with particular caution because they include not only students whose assessed need was greater than the maximum aid allowed under the programs, but also students who themselves opted to receive less aid than they were entitled to under the assessment procedure. Some 32% of those with unmet need were short less than $500 while 57% were short less than $1,000. The figures for married self-supporting students showed much greater need, however, with over half of these students having need in excess of $2,000.

	All students with unmet need			Married self-supporting		
Size of unmet need	Number	%	Cumulative %	Number	%	Cumulative %
Under $500	10,625	32	32	1,114	11	11
$501 - $1,000	8,585	25	57	1,319	13	24
$1,001 - $2,000	7,158	21	78	1,984	20	44
$2,001 - $3,000	2,820	8	86	1,627	16	60
$3,001 - $4,000	1,606	5	91	1,308	13	73
$4,001 - $5,000	1,050	3	94	949	9	82
$5,001 and over	1,857	6	100	1,770	18	100
Total (excluding Québec)	33,701			10,071		

These figures on the ranges of unmet need should be used with great caution. They are derived from application forms and, once it is clear in the processing of these forms that the applicant's needs are well in excess of the aid ceilings, then less attention may be placed on careful verification of all data on the forms.

Most of the high unmet need arises as a consequence of the provision in the means test that allows support of dependents by married students (and single parents) to be counted as a cost. The decision to extend student aid to cover these costs was made in 1978-79, even though aid ceilings in that year prevented much of the calculated extra need from being met. In other cases, unmet need arises because of students studying at institutions which are not eligible to receive provincial aid, e.g., out of province institutions.

Use of standards: In addition to the problem of aid ceilings, there is a series of difficulties associated with the fact that a student's need is calculated on the basis of standard allowances or expectations as well as on actual costs and resources. The use of standards inevitably means that the calculated need will be higher than actual need for some students and will be lower for others. This means that some students may receive more than they actually need while others may receive less.

The use of standard allowances is desirable for a number of reasons. In some cases they are used to simplify administration. For example, some provinces provide a standard allowance for books and instruments. In other cases, standards are used to ensure equity. For example, the use of standard parental contribution tables ensures that parents in similar economic situations are required to contribute about the same amount to their child's education. Standards may also be used because actual records of costs are not available. For example, the cost of room and board for students living at home may not be separately identified. In still other cases, allowances are an incentive to economize. If, for example, aid programs covered actual maintenance costs, students who opted for a more costly life style would receive greater government aid than would their more frugal colleagues. As well, standards can be used to avoid conflicts with other programs. For example, by counting only a standard portion of a scholarship as a resource, aid programs do not remove the incentive or reward that the sponsors of the scholarship intended.

Following are examples of the main CSLP standards and allowances now in place for single students:

- maintenance costs for students living at home ($40 a week);
- an amount determined by the province to reflect costs in the region when a student is living away from home but not in residence (1979 amounts ranged from $47 to $70 a week);
- some provinces establish an average allowance for books and instruments;

- a miscellaneous allowance of $20 a week to cover clothing, laundry, and incidentals;

- an allowance for local transportation to commute between residence and school in an amount established by a province and based on average costs of public transport in the region;

- parental contributions based on tables that take into account their income, assets (counted at provincial discretion) and number of dependents;

- forty-five per cent of gross summer earnings (the 45% is intended to take the cost of maintenance over the summer into account) or, at provincial discretion, a formula based on 45% of the minimum hourly wage (there are modifications of this approach in some provinces);

- $500 is subtracted from scholarships and merit awards before they are assessed as resources in order to avoid removing the incentive or reward effect associated with such awards;

- in calculating resources from part-time earnings, $30 a week is subtracted to allow for the costs associated with such work;

- standards relating to the maintenance costs of self-supporting students (including the costs of maintaining dependents) which are developed from a number of data sources including information provided by the Metropolitan Toronto Social Planning Council.

These standard amounts are combined with other information on actual costs and actual resources to arrive at an overall calculation of need. Assessed need is intended to be closely related to actual costs and is intended to provide a reasonable, if modest, standard of living. If the general assessment is reasonable, there should be a minimum number of students who receive either too much or too little in relation to their need.

There are many possible ways in which the use of standards, if not carefully constructed, can cause difficulties. Take, for example, the potential problems of the allowance for summer earnings (45% of minimum wages or of gross wages):

- A student may not be able to find work, which necessitates recourse to a review or appeal process in those provinces that use the minimum wage criteria only.

- Students in certain courses and with certain characteristics typically find it easier to obtain reasonably paying jobs (e.g. women in general arts programs often have considerable difficulty).

- The 45% figure theoretically allows for maintenance costs during the summer but in practice these costs may vary considerably depending on, for example, whether or not students can live at home while working.

- The reasonableness of the 45% figure also relates to the amount of gross earnings and since maintenance costs are more or less fixed, the allowance is increasingly generous as wages increase.

- The criteria allow for variation among provinces in the treatment of cases that are completely identical with respect to need.

In assessing the adequacy of existing standards, the Task Force attempted to determine how many students in fact received more than they really needed and how many received less.

Students who receive more than is needed: A consistent theme in criticisms of student aid programs is that students who are not in real financial need may be receiving aid, not only through abuse of the system but also because the means test may be too generous for some students. This could occur because of either under-reporting resources or over-reporting costs.

As in any large-scale, means-tested program, anecdotes abound about students who received more money than they needed. The problem is always in determining how widespread these are. While the Task Force was not able to find any direct evidence as to the scale of unnecessarily high payments, it was able to obtain some feeling for this by comparing statistics on loan certificates issued with loans actually negotiated. If loans negotiated were less than the value of loan certificates, which are calculated on the basis of the means test, this may suggest that the means test had overestimated need in some cases. In fact, 93% of students who were issued CSLP loan certificates in 1978-79 actually negotiated loans and the total amount borrowed was, coincidentally, also 93% of the total value of loan certificates issued. During the seventies, the percentage of those not negotiating loans has varied from year to year but has not been far from the 93%. This does not mean, however, that need is overestimated in 7% of cases. There are several quite legitimate reasons why loans may not be negotiated apart from overestimation of need. Dropouts and subsequent receipt of scholarships are factors. Some students may choose a standard of living that is below even the modest standard allowed by the criteria. On the other hand, even where there is over-assessment, some students are undoubtedly more than willing to negotiate interest-free loans even if they do not need them strictly for educational and maintenance costs. It is therefore difficult to interpret the following data.

Value of negotiated CSLP loans as a percent of the value of loan certificates issued	
1979-80	91
1978-79	93
1977-78	96
1976-77	90
1975-76	94
1974-75	93
1973-74	94
1972-73	96
1971-72	95
1970-71	93
1969-70	98
1968-69	97
1967-68	99
1966-67	98

Although the Task Force could not produce quantitative evidence, it is the view of persons who have been engaged in student aid work over a number of years that the number of complaints of overly generous aid have greatly diminished in recent years. Reports of students being able to buy cars, take trips, or to make investments using money obtained from student aid programs were once well-publicized; they are now quite rare.

Students who receive too little: The case of students who receive less than they really need because of aid ceilings is discussed above. Here, the subject is those who do not receive enough because of the use of standards instead of actual costs or resources. Student submissions to the Task Force argued that cost allowances are often not adequate to meet legitimate need. In the June 1980 survey, recipients of student aid noted that the main problem they encountered was that they did not receive sufficient aid. Some 19% of those who answered the question indicated that they had encountered some problems with student aid and, of those indicating a particular problem, some 53% indicated insufficient aid. It may therefore be assumed that at least 10% (19% of 53%) of all current students who received aid felt that the aid was insufficient.

Perhaps the main concern in many submissions related not to the average student, but to those who have special difficulties. For example, women tend to have a harder time finding reasonably well paying summer work than do men, but the same criteria for summer earnings apply to both. Some parents refuse to provide the required parental contribution. Some of the cost allowances do not reflect the above-average costs of living in certain parts of the country. Available evidence does suggest that the problems are concentrated in particular areas and are not widespread. For example, as indicated in Section 8.17, the number of appeals from assessment decisions is not high. While there are doubtless delays and other imperfections with the appeals process, one would nevertheless have expected to find greater use of it if unduly stringent criteria were producing serious hardship for a large number of students.

A number of submissions expressed concern that cost allowances were not keeping up with inflation. The Task Force found, however, that at least some allowances do appear to have kept up with rising costs. The Consumer Price Index stood at 212 in July 1980 indicating that overall costs were more than double those in the base year of 1971. The index for food was 262. For housing it was 202 and for clothing 179. The Task Force looked at the cost allowances developed by the CSLP plenary group and found that the room and board allowances for students living at home had tripled in the same period, rising from $13.25 a week (average of the allowances in 1970-71 and 1971-72) to $40.00. The miscellaneous allowance had doubled, from $9.65 a week to $20.00. The allowances for room and board away from home, which are set separately by the provinces, have however lagged somewhat behind.

In summary, the Task Force noted that as a result of the use of standards there were students who received more aid than was needed and others who received less. However, some over- and under-assessment is an inevitable result of the use of standards and the Task Force found no evidence that, as a whole, the standards were seriously out of line. There are cases, however, of real problems for particular groups of students. The following were highlighted in submissions:

- students living in areas where the cost of living is higher than the national average or where provinces have set away-from-home allowances below actual costs;

- students who cannot find reasonably well-paying summer work or whose summer work involved high maintenance expenses;

- students whose parents refuse to make the required parental contribution.

The CSLP plenary group which recommends to ministers the standards to be used seems to have done a reasonable job of keeping up with changing economic circumstances while still keeping an administratively workable mix between the use of actual and standard costs. Most of the items referred to above have already been or are being considered by them. Their future plans, for example, call for using an estimate of actual maintenance costs associated with summer work and modifying at-home cost allowances to reflect regional variations. However, the Task Force noted that the plenary group carried out its work in the absence of quantitative data that would provide insight into the impact of changes in criteria on the number and characteristics of students who receive too much or too little aid in relation to their real needs. The Task Force would, for example, have found it useful to know what happened to those students who received too little aid because of aid ceilings. Did they live below the poverty line, did they find resources elsewhere, for example by taking part-time jobs, or did they have to drop out? How many take out commercial loans? An informal survey of chartered banks indicated that a considerable number of commercial loans are provided to supplement government aid - either directly to students using a parental guarantee or indirectly via a loan to parents. Basic information of this type should be available in assessing the adequacy of the means test for high need students. The data to answer these questions are not available and the Task Force recognized the difficulty of obtaining reliable data of this type.

For the future, the Task Force concluded that:

- In order to ensure greater control and to ensure that appropriate aid is available to students with above-average needs, the present use of an arbitrary ceiling on aid should be dropped in favour of greater emphasis in ensuring that each of the cost and resource components of the means test reflect regional and institutional differences in costs and resources. That is, the allowances and limits built into the components of the means test should, to an even greater extent than at present, reflect only necessary educational costs and a standard of living that is modest but adequate in light of costs in the area where the student lives and the type of post-secondary program in which the student is enrolled.

- The present approach to setting standards should continue, that is, there should be an expert working group to develop a means test that is both reasonably easy to administer and that provides a fair and sensitive balance between actual costs and resources and standard allowances and requirements.

- This working group should add a quantitative perspective to its work by monitoring (through administrative data and small surveys) changes over time in the number and characteristics of students who may receive too much or too little aid.

- Immediate action is needed to resolve the problem of parents who refuse to make the needed parental contribution, to add a regional dimension to maintenance costs, and to use an estimate of actual maintenance costs in the summer earnings calculations.

- Consideration should be given to ending the practice of allowing provincial variations in the means test that are unrelated to actual regional differences in costs or resources. The Québec practice of calculating costs and resources over a whole 12 month year appears sensible and might be more generally used.

- Consideration needs to be given to reviewing the basis on which the standards for an adequate, but modest, standard of living for self-supporting students is calculated. In particular, the data developed by the Metropolitan Toronto Social Planning Council should again be reviewed to ensure that they are relevant for use in all parts of the country.

8.3 Program Differences: Aid Requirements for Different Types of Post-Secondary Education

The basic cost issue discussed above posed the question of how well programs provided for adequate financial well-being, in general terms, for post-secondary students taken as a whole. The Task Force felt it might be useful to examine the adequacy of existing programs in light of the needs of students in different kinds of post-secondary institutions and different kinds of courses. There are major differences, for example, in the financial needs of a first-year student in a community college, of a postgraduate student, and of a student in a program where periods of paid work alternate with formal study. The same type of financial aid program may not be required in all types of post-secondary education. It has been suggested, for example, that the mix of grants, loans and scholarships should be quite different for students in professional or occupational training than for those in general arts and science programs. It has also been suggested that students in the first or second year of post-secondary education need different forms of assistance than do more advanced students. Ontario, for example, now has an aid program for students in their first eight semesters that is quite distinct from that for students at more advanced levels. The specific questions addressed by the Task Force were:

> Issue A5 - Program Differences: What characteristics of existing student assistance programs have been most appropriate for different categories of post-secondary education? What characteristics are likely to be most appropriate given future trends in the structure of and demand for post-secondary education?

As a result of its surveys and submissions received, the Task Force could not find any evidence that existing aid programs caused undue problems in different types of post-secondary study. For example, while debt load is higher for those in longer courses, this does not appear to have created particular difficulties. Students in different types of post-secondary education seem to have the same kind of concerns about student aid. There are problems relating to the eligibility of certain types of institutions and the extension of aid to part-time and non-traditional students. These are discussed as a separate issue in Section 9.3.

The Task Force concluded that the existing approach to student aid, based on a means test that reflects both costs and resources, was appropriate for students in different types of post-secondary education. The Task Force felt that, provided this kind of means test remained in future programs and provided that more general problems are resolved (e.g., those relating to handling high debt load arising for any reason, or providing aid to meet all calculated need, or providing suitable aid to part-time students), then there was no need for special provisions directed to the specific needs of students in different types of post-secondary education.

8.4 Reducing Social and Economic Constraints

Equal opportunity of access to post-secondary education can be said to exist if there are no unnecessary or artificial barriers which prevent or discourage qualified students from attending a post-secondary institution. This section deals with barriers arising from the socioeconomic status of a student's family. Section 8.5 deals with geographic and demographic constraints.

Lack of money from family sources is certainly one of the most important potential constraints that can discourage individuals from attending post-secondary institutions; one of the major purposes of student aid is to provide money needed to allow qualified persons from families without the necessary financial resources to obtain a post-secondary education. A central element in the review of these programs was therefore an examination of the extent to which the programs increased post-secondary participation rates from low-income families. The specific questions the Task Force attempted to answer were:

> Issue B1 - Socioeconomic Constraints: Which characteristics of existing student assistance programs have been most successful in reducing socioeconomic constraints (i.e., those arising from the socioeconomic position of the individual's family) on participation of those individuals who are potentially able to benefit from post-secondary education? Which characteristics are most likely to reduce such constraints in the future?

The Task Force first examined the adequacy with which financial aid was provided to students from lower income families. Student aid does seem to be reaching students in different income groups in a way that appears generally compatible with the aims of the program. For example, among those students who received aid in 1978-79 who were not self-supporting (i.e., a parental contribution was required) there is a clear relationship between the gross income of their parents and the amount of aid received:

Gross family income of those who applied	Average loan received (CSLP & provincial loans)	Average grant received	Total aid received
Under $9,000	$ 936	$1,262	$2,198
$9,000 to $14,999	1,005	1,107	2,112
$15,000 to $19,999	955	711	1,666
$20,000 to $24,999	827	389	1,216
$25,000 to $29,999	666	221	887
$30,000 to $34,999	550	124	674
$35,000 and over	415	60	475

There are far fewer recipients in higher income groups as is illustrated by the following statistics from the June 1980 survey which compare the income of aid recipients and non-recipients. The data shown are for single students who attended in 1980, since the household incomes for this group are largely parental incomes.

	% of all aid recipients
Household income under $15,000	46
Household income under $25,000	86

The Task Force also found ample external evidence that aid programs were important and necessary elements in supporting students from lower income families who decided to participate. Based on a comprehensive 1979 survey conducted in Ontario, the report Is the Die Cast found that there was an important relationship between socioeconomic status and the financing of post-secondary education. While summer earnings were the most important source of financial support in all socioeconomic groups, student assistance was the second largest source among lower income groups. The nation-wide survey of characteristics of post-secondary students conducted by Statistics Canada in 1975 also came to this conclusion.

In summary, there can be little doubt that existing student aid funds are reaching students from lower socioeconomic groups, as intended. But this refers only to students who are already in the post-secondary system. While student aid programs provide useful support to those students from lower socioeconomic backgrounds who have already decided to go to post-secondary institutions, there is less evidence to suggest that they are important instruments either in encouraging those students to make the original participation decision or in preventing lower income students from dropping out once enrolled.

While there are no consistent national readings on changes in the composition of the post-secondary education population with respect to the socioeconomic background of the student's family, enough separate studies have been conducted to make it quite clear that lower socioeconomic status groups have been and still are considerably under-represented. There is not enough information to determine how this pattern has been changing over time, particularly to distinguish ongoing trends from shorter-run changes such as those that may have accompanied the rapid growth in the overall size of the post-secondary sector in the sixties and seventies. However, what evidence is available on changes over time is discouraging. For example, Max von Zur-Muehlen ("The Educational Background of Parents of Post-Secondary Students in Canada", March 1, 1978) compared data on parents' educational attainment (a reasonably good measure of socioeconomic status) between 1968-69 and 1974-75. In this period, the author found that there had been a tendency to greater inequality of educational opportunity at the university level although, in absolute numbers, all social classes shared in the expansion of access to post-secondary education that took place during this period. A different pattern emerged with community college students where more students came from lower socioeconomic status groups and where there was no comparable drift towards inequality.

Much empirical work in Canada and other countries has shown that post-secondary participation decisions are best explained by such factors as perceived scholastic ability, actual grades at school, sex, parents' education, parents' aspirations for their children and the students' occupational aspirations. The availability of financing for post-secondary education, while clearly related to those other factors, does not in itself appear to be the major factor. The June 1980 survey showed that 18% of those who did not attend a post-secondary institution gave a lack of financing as the reason and many of those gave other reasons, such as wanting to go directly into the labour force, as well.

Generally, it appears that, while economic factors are important barriers to accessibility, these barriers operate less at the point of entrance to post-secondary education (e.g., concern about finding money for fees and living costs) than at earlier stages where expectations are limited by economic as well as by social and cultural factors operating in an interrelated, indirect fashion. This means that student aid, which operates mainly at, or above, the point of entrance, is a relatively weak tool in encouraging participation. Empirical research in the U.S. suggests that while student grants do stimulate increases in enrolment, the changes in both aggregate enrolment and in enrolment from lower socioeconomic groups are very small in relation to the cost of the increased grants. A useful review of Canadian and U.S. research on the subject can be found in a recent paper by Dr. Laura Selleck ("Equality of Access of Ontario Universities", Research Division, Council of Ontario Universities, September 1980).

With regard to the hypothesis that student aid may reduce the premature dropout of lower income students, the 1975 survey of post-secondary students found that only a small portion of students who stepped out of the education system for a period of time indicated that the availability of finance had been the main reason for doing so. (A dropout is one who leaves post-secondary education permanently; a step-out is one who returns to post-secondary education after a temporary absence.) U.S. research indicates that the receipt of grants and scholarships has apparently no effect on the level of dropouts and that, in some cases, loans may even encourage dropouts. (This literature is reviewed in A.B. Hood and C.K. Maplethorpe, "Bestow, Lend or Employ: What Difference Does it Make?" New Directions for Institutional Research, No. 25, 1980). A 1978 study of retention rates at the University of Toronto found, consistent with most other studies on this subject, that there was almost no relation between finances and family status, on the one hand, and retention and dropouts, on the other. It found that "none of the following variables were related to student (retention) status: finding or not finding a summer job in 1978; the level of income from that summer job; working or not working part-time during the 1977-78 academic year; the percentage of costs the student paid for his or her education; the family income; the father's and the mother's occupation status; and the mother's education". (Sheldon B. Unger, "The Retention Problem: An Analysis of Enrolment Attrition at a Canadian College", The Canadian Journal of Higher Education, Volume X-1, 1980, p.71). This study found that the father's education was inversely related to retention (that is, students from higher income, better educated parents were more likely to drop out) but that there was a slight positive relation between dropping out and borrowing.

The lack of a strong positive relationship between receipt of student aid and completion of studies is doubtless the result of the fact that student aid is only one source of income for most students and is not the most important source for the majority of students, even in the lowest socioeconomic groups. This suggests that, if aid were reduced, many students would accept a lower standard of living, would arrange commercial loans, would take on more part-time work or would take other actions to reduce costs or to increase income rather than dropping out.

There is growing, but not conclusive, evidence that the form in which the aid takes may not be especially important to increasing participation of students from lower income families. Overall, only 8% of persons in the June 1980 survey indicated an unwillingness to go into debt as a reason for not attending post-secondary education and many of those who cited this reason also reported other factors as well. In past studies, particularly those carried out up to the late sixties, it was usually felt that grants were more suitable than loans in reaching lower income students because of, among other factors, an alleged unwillingness of these students to commit themselves to large debt loads. The OECD review of international experience (described in Section 5.1) found that students from lower income families were willing to accept loans (especially if combined with grants) and the report concluded that there was no obviously superior form of student aid for purposes of achieving equal opportunity of access. Two separate Ontario studies in 1968 and 1971 found that when students from lower socioeconomic groups got into their final years of high school, if they were motivated to go to university, they were prepared to borrow larger sums than students from higher socioeconomic groups (Porter, Porter, Blishen, Does Money Matter, 1973, p. 168). On the other hand, the research referred to above suggests that there may be some link between receipt of loans and premature dropouts. Also it may well be true that a program that emphasizes grants at least in the first few years may be generally more attractive and easier to explain to younger secondary students (and their parents) and thus might be a factor in encouraging choices that ultimately result in the student deciding to attend a post-secondary institution.

Clearly, if student aid is to attract students from lower income groups, those groups must come to know about the availability of aid programs. Student aid must be a factor not only in removing financial barriers at the point of entrance, it must also become one of the many factors that operate, in a less direct way at much earlier stages, in encouraging students from lower socioeconomic groups towards a post-secondary education. A key element of the Task Force's research was therefore addressed to determining the extent of public awareness of aid programs. The need to increase awareness was also raised in many submissions to the Task Force. The Task Force therefore included awareness questions in its surveys of the public and of post-secondary students.

The survey asked two awareness questions. The first was:

> "This survey concerns financial aid to post-secondary students. Did you know that the federal government and provincial governments have programs which help post-secondary students finance their education?"

This was a very general question and some people undoubtedly replied "yes" simply because they could easily infer the existence of such programs from the existence of the survey. In fact 75% of the population replied "yes". A second question identified those with a more direct awareness. It asked:

> "Have you or a friend or a relative ever applied for government assistance to attend a post-secondary institution?"

Some 31 percent of the population 15 years and over were in this category. Following are the basic awareness data by province. Note that the individual percentages do not always add to the total percentages because of rounding.

	Aware				
	Total aware	Some direct experience	No direct experience	Not aware	Total
	%	%	%	%	%
Newfoundland	72	24	49	28	100
Prince Edward Island	84	42	42	17	100
Nova Scotia	79	36	43	21	100
New Brunswick	79	42	37	21	100
Ontario	75	30	44	25	100
Manitoba	72	28	45	28	100
Saskatchewan	76	33	43	24	100
Alberta	75	35	39	25	100
British Columbia	72	27	45	28	100
Total (excluding Québec)	75%	31%	44%	25%	100%

The separate Québec survey found a level of awareness in that province approximately comparable to that in other provinces.

There were no large differences in awareness when the data were examined by sex, marital status or urban-rural status. By age group, those who were most aware and have had some direct experience were in the age groups most closely associated with post-secondary attendance.

	Aware				
	Total aware	Some direct experience	No direct experience	Not aware	Total
	%	%	%	%	%
Age 15-16	67	20	47	33	100
Age 17-19	78	35	43	22	100
Age 20-24	74	43	31	26	100
Age 25-34	75	39	36	25	100
Age 35-44	74	29	46	26	100
Age 45-54	78	28	50	22	100
Age 55-64	77	27	50	23	100
Age 65-69	76	21	56	24	100
Age 70 and over	65	12	53	35	100
Total	75%	31%	44%	25%	100%

Awareness is directly related to educational attainment, the higher the educational attainment, the greater the level of awareness.

	Aware				
	Total aware	Some direct experience	No direct experience	Not aware	Total
	%	%	%	%	%
Primary	66	17	49	34	100
Secondary	71	26	46	29	100
Some post-secondary	87	51	36	13	100
Post-secondary diploma	82	45	37	18	100
University degree	93	62	31	7	100
Total	75%	31%	44%	25%	100%

It is not surprising that persons who attended a post-secondary institution should have a high awareness of aid programs. Awareness is even higher for persons aged 35 and under whose post-secondary education would have been in the period since the Canada Student Loan and associated provincial programs came into force. Nearly 90% of these individuals had some awareness and 68% had some direct experience with these programs. The same basic pattern held in all provinces.

Parents of post-secondary students were more aware of the programs than the population at large.

	Aware				
Individuals over age 34	Total aware	Some direct experience	No direct experience	Not aware	Total
	%	%	%	%	%
Parents of post-secondary students	85	41	43	15	100
Not parents of post-secondary students	71	18	53	29	100

The same questions were also asked in the survey of persons under the age of 35 who themselves had attended a post-secondary institution. Since this population was chosen to correspond to the potential audience for the CSLP and associated provincial aid programs, it is not surprising that its level of awareness of aid programs was high. Awareness was, naturally, particularly high for current students but also for those who graduated in earlier years.

Persons under the age of 35 who attended full time in Canada	Aware			Not aware	Total
	Total aware	Some direct experience	No direct experience		
	%	%	%	%	%
Currently attending	97	77	20	3	100
Left 1976 to 1980	94	73	21	6	100
Left 1971 to 1975	93	75	18	6	100
Left 1970 or earlier	90	60	30	9	100
Total	92%	69%	23%	8%	100%

The Task Force was particularly interested in awareness among secondary students, the potential participants in post-secondary education. Among secondary students themselves, awareness increased in the higher grades.

Secondary students age 15 and over	Aware			Not aware	Total
	Total aware	Some direct experience	No direct experience		
	%	%	%	%	%
Grades 9 or 10	66	21	45	34	100
Grade 11	86	32	55	14	100
Grades 12 and 13	81	47	34	19	100

Another audience in which the Task Force was most interested was the parents of secondary students, in particular those who had at least one child in secondary school but who had no children at the post-secondary level. These parents, who have not yet had direct experience of the costs involved in having a child attend a post-secondary institution, will be, presumably, the chief source of financial advice and support when their children are contemplating the possibility of further education. The survey indicated that this group of parents had the same level of awareness (75%) as the public at large. However only 22% had some direct experience with aid programs, compared to 31% for the public at large or 50% for those parents who had children at both the secondary and post-secondary levels.

Among the most important data pertaining to the issue of the representation of lower income groups in post-secondary education are awareness figures by income group. Not unexpectedly, the data showed that the higher the level of income, the greater the level of awareness.

Family income	Aware				
	Total aware	With direct experience	No direct experience	Not aware	Total
	%	%	%	%	%
Less than $9,000	65	23	42	35	100
$9,000 - $14,999	71	29	42	29	100
$15,000 - $19,999	77	35	42	23	100
$20,000 - $24,999	75	33	42	25	100
$25,000 - $29,999	76	31	45	24	100
$30,000 - $34,999	87	47	40	13	100
$35,000 and over	86	46	40	14	100

The Task Force concluded that, in general, the awareness of student aid programs was quite high. Real understanding of the contents of the programs is, of course, likely not nearly so widespread as the 75% average awareness figure indicates. As noted earlier, the very existence of questions about student aid may have led some respondents to infer the existence of the programs. However, the fact that over 40% of the population had either applied for aid themselves, or knew someone who had, indicates a reasonably widespread base of public knowledge at least among those groups with high exposure to the post-secondary system, i.e., those in the 20-24 age group, those of higher educational attainment, those who are parents of post-secondary students, and those in higher income groups. To promote equal opportunity of access, however, more attention should be focused on providing information to those who have not been associated with post-secondary education in the past and who are less well-informed about aid. In particular, information about the programs should be reaching those in below-average income groups, especially those with an annual family income of under $15,000. While awareness by parents of secondary students was in line with that of other groups, the Task Force felt that awareness ought to be particularly high in this group and that more work needs to be done to inform this group about student aid. The same conclusion also applies to information directed at secondary students themselves. While awareness seemed reasonably high in the more senior secondary grades, it was lower in the early years when many of the decisions that ultimately channel the student towards or away from post-secondary education are made.

With respect to Issue B1, Socioeconomic Constraints, **the Task Force therefore concluded that:**

- Student aid in Canada has been focused on those students with financial need. This has undoubtedly allowed many students from lower income families to participate in post-secondary education; however, there is no evidence that these programs have had any major effect in increasing the overall participation rates of students from lower income families, at least since the mid-sixties when student aid programs were set up to meet full need on a reasonably comprehensive basis.

- Student aid programs are necessary but are not sufficient in our society's attempt to reduce those barriers to post-secondary education arising from the socioeconomic position of the individual's family. While student aid is a necessary and important source of financing for those who do decide to participate, direct financial considerations are not the major factor in most participation decisions. Major increases in expenditure on student aid would result in only small increases in the participation of students from lower income families.

- To the extent that student aid programs do make a difference in reducing social constraints, the characteristics that are most important are not only those relating to the type of aid (loans are likely almost as effective in this respect as grants) but also those that make potential post-secondary students (and their parents) aware of the existence of aid at least by their early secondary years. For the future, information programs should be addressed more particularly to secondary students, the parents of secondary and primary students and, more generally, to lower income families.

8.5 Reducing Demographic and Geographic Constraints

Other potential barriers to equal opportunity of access to post-secondary education relate to an individual's personal characteristics, particularly place of residence, age, sex, language and ethnicity. In particular, it has been suggested from time to time that there may be unnecessary barriers to the participation of women, Native peoples, official language minorities, children of immigrants whose mother tongue is neither English nor French, to individuals whose age is not within the normal post-secondary ages of 18 to 24, and to those from rural areas or smaller towns. The Task Force asked the questions:

> Issue B2 - Demographic and Geographic Constraints: Which characteristics of existing student assistance programs have been most successful in reducing constraints arising from an individual's place of residence, age, sex, mother tongue and ethnicity on participation of individuals who are potentially able to benefit from post-secondary education? Which characteristics are most likely to reduce such constraints in the future?

Not only students from low-income families face barriers to post-secondary education. Women are under-represented in certain types of post-secondary education as are different minority groups. Most young people living in small towns and rural areas must, for example, leave home to pursue a post-secondary education. The recent Ontario study referred to above (Anisef et al.) demonstrates that, insofar as these rural regions are disproportionately populated by lower income individuals, there is a double hardship in terms of gaining access to a post-secondary education.

Data available to the Task Force suggest that about the same proportion of male and female students receive aid. As well, about the same proportion of urban and rural students receive aid. The answers to the questions in the June 1980 survey on benefits and problems with aid were about the same for men and women. For those who did not attend post-secondary school, direct financial reasons for non-attendance (insufficient money, did not want to go into debt) were given by men and women to about the same extent while financial reasons were given by a lower percentage of rural students than by urban students. It is therefore likely that student aid would have less effect on the participation decision of rural students than of urban students. Comparable data were not available relating to ethnocultural groups, official language minorities and Native peoples.

In general, the Task Force felt that student aid programs would likely be useful in encouraging participation among these groups only to the extent that the barriers to participation are primarily economic. Since the barriers in question are primarily social and cultural, the Task Force felt that special programs specifically addressed to increasing participation of particular groups would likely be more successful than more general student aid programs. In other words, the Task Force felt that the most that student aid programs could do in removing geographic, demographic and cultural barriers would be to ensure that aid continues to be available to meet all legitimate needs (including the extra away-from-home costs that must be incurred by rural and small town students) and by ensuring that the existence of aid programs is widely known among under-represented groups.

8.6 Increasing Participation Levels

The third objective of general student assistance programs is to encourage participation in post-secondary education of all Canadians who have the potential to benefit from such participation. In recent decades, and certainly during the period when the CSLP and many provincial aid programs were being developed, it was widely felt that, quite apart from its benefits for individuals, the Canadian society and economy would benefit greatly from a more highly qualified and trained population. Student aid programs were seen as one way of encouraging post-secondary attendance. The specific issue, therefore, which the Task Force addressed was:

> Issue C1 - Increased Participation: What characteristics of existing student assistance programs have been most successful in encouraging increased participation of those who are eligible to participate? What characteristics are likely to encourage specified levels of participation in the future?

Section 8.4 concluded that student aid programs were necessary but not sufficient in society's overall efforts to increase the participation of students from lower income families. The reason is that participation decisions are mainly influenced by factors other than direct financing at the point of entrance to post-secondary education. The same conclusions apply equally in this section. Participation decisions are not very sensitive to changes in student aid programs and, consequently, student aid programs are not powerful tools for increasing participation.

Data from the June 1980 survey reinforce this conclusion. The survey asked persons under the age of 35 who had not participated in post-secondary education to indicate why they had not done so. The question was:

> "We are interested in the reasons why people did or did not attend a post-secondary institution. What factors influenced your decision not to attend a post-secondary institution full-time?
>
> - did not want to attend
> - wanted to work rather than continue education
> - could not meet the entrance criteria, left school early
> - personal/family responsibilities
> - desired course not available
> - did not have sufficient money
> - did not want to go into debt
> - desired occupation did not require post-secondary education."

Multiple answers were allowed. Counting each answer separately, the survey found that the largest group of answers related to voluntary reasons for not continuing: did not want to attend (23%), wanted to work (40%), and education not required (12%). Financial reasons were also given: 18% indicated lack of money and 8% indicated that they did not want to go into debt. However these data overlap because respondents gave more than one answer. In total, 20% gave a financial reason (either insufficient money or did not want to go into debt or both), but only some 8% gave financial reasons only. The other 12% gave a mix of both financial and non-financial reasons.

	% of those who gave a reason
Did not want to attend	23
Wanted to work	40
Could not meet requirements	13
Personal responsibilities	17
Desired course not available	1
Insufficient money	18
Did not want to go into debt	8
Not required	12
Don't know, other	8

The Task Force concluded that student aid programs were important in encouraging full participation in post-secondary education to the extent that they were important and necessary elements in the financing of students who had decided to enroll in post-secondary education but who lacked the needed financial resources. For reasons given in Section 8.4, however, they probably have had only a modest effect on overall participation levels, at least since the mid-sixties when the programs were introduced.

For the future, so long as programs provide adequate aid, the best way of using aid programs to encourage greater participation would probably be to attempt to increase public awareness of them. The effect of this, however, would not likely be large. It might be expected that participation could also be increased by providing more generous aid and/or providing aid to more students on the theory that this would be an economic incentive to stay in school and to delay entrance to the labour market. However, most of the evidence referred to in Section 8.4 suggests that participation decisions are not likely to be very sensitive to changes in the amount of financial aid and that more generous programs would not likely have a major impact on participation.

8.7 Who Pays: Sharing the Costs

To this point, the chapter has dealt with issues related to the objectives of student aid programs. It now turns to issues relating to principles. The first principle underlying existing programs is that the financing of a student's post-secondary education is a shared responsibility. Existing programs, in accordance with this principle, have been designed and administered in a way that attempts to place a fair distribution of costs, benefits and responsibilities on students, on society as a whole as represented by governments and on other parties involved in funding students. In reviewing the adherence of existing programs to this principle, the Task Force felt that several issues warranted special attention: the general public acceptability of this kind of sharing arrangement (discussed in this section); the effect of government programs on non-governmental aid (discussed in Section 8.8); the question of fair interest rates (Section 8.9); student debt load (Section 8.10), collection practices (Section 8.11); and self-support and family contributions (Section 8.12).

The Task Force reviewed the acceptability of existing arrangements for sharing the cost of post-secondary education under the following heading:

> Issue D.1 - Who Pays: How is the cost of financing post-secondary education shared among population groups? What has been the effect of the means test? Is there evidence of public satisfaction or dissatisfaction with existing sharing arrangements that has implications for future general student assistance programs?

Two basic cost factors are involved: that of providing the institutional setting for post-secondary education (including tuition and other required fees), and that of maintenance and other expenditures of the students who attend. In the former, Statistics Canada figures indicate that total expenditure on post-secondary education in 1979-80 (excluding student aid) amounted to an estimated $5.1 billion. Some $4.3 billion or 84% of this came from government, $450 million or 9% came from students in the form of fees and $340 million or 7% came from other sources such as the private sector, endowments, alumni, etc.

Students themselves had to spend an additional $2 billion dollars on books, maintenance and other expenses while at school for a total expenditure of some $7 billion. About two thirds of this $7 billion came from governments. Students provided about 30% and 5% came from other sources.

These figures illustrate that governments currently pay much the largest share of the direct cost of post-secondary education. A number of submissions to the Task Force also referred to studies that address the issue of what ought to be the respective shares of students and governments. Such studies often attempt sophisticated benefit-cost analysis that takes into account the economic benefits of different types of post-secondary education to the student and to society. Such analysis usually involves calculation of lifetime earnings and foregone earnings while at school and an analysis of the extent to which the tax system (i.e., the source of the government's share) is progressive or regressive. For example, a recent study found that "the principal net gainers from the university system are the middle- and upper-income groups at the expense of the lower-income groups". (O. Mehmet, Who Benefits from the Ontario University System, Ontario Economic Council, Occasional Paper 7, 1978, p. 45). Several submissions to the Task Force pointed out that such studies imply that, if student aid programs are to help offset any broader inequalities in post-secondary financing, they must be carefully directed at those students in greatest need, those who come from the lowest socioeconomic groupings. This applies particularly to aid in the form of grants.

While a means test is not an essential feature of student aid programs, it is a commonly accepted way of ensuring that student aid is progressive in terms of the income distribution. Government aid could take the form of grants or loans to all students, regardless of need, to cover their educational costs. While there would be partial recovery of monies provided to richer students via the income tax system, on balance, dropping the means test would be regressive in terms of the income distribution. Because students from above-average income families are over-represented in the post-secondary system, and because post-secondary graduates tend to have higher incomes than non-graduates, a program which supplied equal aid to all would, in effect, result in a transfer of money from the poorer segments of society to the richer. Also, such a program would be costly to governments. The average costs of aid applicants in 1978-79 were $3,800. If this amount were paid to all students in the form of a grant, the cost would be some $2.4 billion or nearly 10 times existing costs. An all-loan program would drop the costs to about $750 million (three times above present levels) but this would create debt load problems that would need to be rectified. Costs could also be reduced by assuming that students would be able to cover some of their own expenses by summer work and other means. Aid applicants in 1978-79 reported an average need (costs less resources) of $2,400. If this amount of need were provided to all students as a grant, the total cost of the program would be some $1.5 billion or six times present costs.

It is against this setting that the Task Force sought views on who should pay these direct student costs (mainly fees and maintenance). Nearly all submissions that touched on this topic felt that responsibility rested with the student and to varying extents with the student's family and that government should provide aid only where needed. As indicated in Section 6.2, this view was also widely held throughout society at large.

One of the underlying reasons for this widespread support for the concept that students (and their families) should be primarily responsible for their direct costs is undoubtedly the fact that most of the costs of post-secondary education are already paid for by society at large. Another factor is doubtless the realization that post-secondary students tend to come from middle and higher income groups and that graduates tend to gain financially from their education. It appears equitable that these groups pay a reasonable share of the cost of that education. This is likely one of the reasons for the widespread support for aid in the form of loans (either alone or preferably in combination with grants) and the low level of support for grant-only programs.

The Task Force concluded that there was widespread support for the shared responsibilities principle underlying existing programs. That is, most people agree that aid should be directed primarily to students from lower income groups and that the programs, through the device of providing both repayable and non-repayable aid, should recognize that both the graduate and society at large gain from post-secondary education.

8.8 Non-Government Aid

The second issue relating to the "shared responsibilities principle" is the concern that existing government programs may have discouraged private sources of funding, such as scholarships provided by private firms and charitable organizations.

> Issue D2- Non-Government Aid: What characteristics of existing student assistance programs have encouraged or discouraged aid, including scholarships, from non-government sources? What characteristics are likely to increase such aid in the future?

The Task Force heard suggestions that student aid might be a disincentive to private sector financing of scholarships. Certainly, there seems to be some connection between the size of such awards and the administrative criteria used to determine how much of a scholarship is to be counted as a resource in the student aid means test. For example, among applicants for student aid in 1978-79, some 7% reported receipt of a scholarship or other award with an average value of $1,241. Two years earlier the average amount was about $1,000 or $200 less. Some of this increase was likely due to the fact that the amount which could be deducted from such scholarships in calculating need for student aid purposes rose from $300 to $500 between these two years.

However, the Task Force could locate little information describing the overall effect of aid programs on support from the private sector. For example, it may be that even if the size of individual awards is influenced by aid criteria, this is compensated for by increases or decreases in the number of such awards.

There are data on the total support of the post-secondary sector from 'other sources' such as private sector support, endowments, etc. Statistics Canada figures indicate that $54 million was received by students from the institutions they attended from such sources in 1960-61. This jumped by 2 1/2 times to $146 million in 1965-66, the year when the CSLP was introduced. This represented about 20% of total expenditures on university education in both years. After 1965, the amount from other sources continued to rise, but at a rate well below the overall increase in university expenditures. Money from other sources represented only 11% of expenditures by 1970-71. By 1975-76, it was down to 8%. During this period expenditures on student aid grew at a faster rate than overall expenditures, rising from 4% in 1960-61 to 8% in 1975-76. It is probably coincidental that the downturn in the rate of growth in support from other sources occurred at the same time as the introduction of large-scale aid programs. The considerable growth in post-secondary expenditure during this period, largely financed by government, is probably a more important factor in accounting for the reduced share of post-secondary institutional financing of students from other sources.

Other information suggests that awards administered by universities on behalf of private donors have been growing and do not appear to have been greatly affected by government aid programs. The June 1980 survey obtained some statistics on the incidence of scholarships. Persons under the age of 35 who attended a post-secondary institution were asked if they had received scholarships or other merit awards of more than $300. These show that about 15-20% of students received scholarships worth over $300 (about half receiving a scholarship in only one year). The survey indicates no major decline in the percentage of students receiving such scholarships since 1965. The data, however, refer to scholarships from all sources, including governments and post-secondary institutions, not only from private sources.

The Task Force concluded that the possibility that the amount of individual scholarships is linked to criteria used in aid programs does not indicate any particular problem, since it may only result in available monies being allocated differently. Even if it were proved that government aid was a disincentive to private sector student financing, the Task Force doubted that this would lead to recommendations for major changes in aid programs. Private funding programs do not reach a large percentage of students and they have not usually been based on financial need. The Task Force concluded that the existing practice of not counting the full value of such awards in the means test was likely the only reasonable way to ensure that aid programs were not a disincentive to private funding.

8.9 Interest Rates

Existing programs rely heavily on loans and the level of interest rates is therefore of central importance. The Task Force asked:

> Issue D3 - Interest Rates: Have the interest rates paid on the loan portion of existing programs been fair from the perspectives of governments, lending institutions and borrowers? If loans are to continue as part of aid programs, what would constitute a fair rate in the future?

During the period the student is in school, and for six months thereafter, the federal government pays interest on the student's CSLP loans. The interest rate structure was changed in 1968 from a fixed rate basis to a more market-related approach. There are two interest rates. One rate is payable by the federal government while the borrower is at school and for six months thereafter and a second rate is payable by the borrower after that period. Both rates are based on average yields on certain Government of Canada bonds over a six-month averaging period.

Three provinces, Alberta, Ontario and Québec, also provide loan assistance. Alberta determines maximum rates of interest using the same formula as that used by the federal government in the CSLP. Québec rates are similar except that they are averaged over three months and are changed quarterly rather than annually. The Ontario rates are based upon the prime lending rate of the bank advancing the loan rather than on a formula. Ontario pays the bank the prime rate during the period the province is paying the interest charges; students pay a premium of 1% over the prime rate when they assume responsibility for repayment. The Ontario rates vary with the prime rate throughout the life of the loan.

Experience with the formula approach has shown that the resulting rates have been, in general, well below commercial market rates and hence provide the student with a preferred rate.

The loan elements of existing student aid programs are based on the premise that this aspect of financing a student's post-secondary education is primarily the responsibility of the student who, anticipating the extra financial rewards that follow from having a post-secondary education, borrows money to finance the acquisition of this education. However, because students do not ordinarily have the credit rating needed to obtain loans in their own name, they must have others guarantee the loans. Parents or spouses can often provide this guarantee, but this is more difficult or impossible to arrange for students from lower income families. Therefore, in the interests of equalizing opportunity of access, the government provides the guarantee.

The overall validity of loans as a form of financing post-secondary education is examined in other parts of this report; here the only issue is the fairness of interest rates. The Task Force therefore defined fairness in the usual market terms, that is, that:

- Interest rates should be determined by the market provided that this results in a reasonable balance of costs and benefits for all parties involved in the transaction.
- All parties should have full information on the nature of these costs and benefits.

There are four areas where existing rates may not fully meet these criteria:

- While existing rates are market-based, the banks argue that the bond rate is not the appropriate market rate. They argue that a rate based on the chartered banks' prime rates is more appropriate, while governments have tended to argue that other bases (such as bond yields) are adequate, possibly with more frequent changes than the current annual changes, bearing in mind the security of the guarantee and the fact that student loans can be a marketing tool for the financial institution.
- Because the interest rate is based on market rates that exist six months after graduation, the students do not know the cost of the loans at the time they borrow.

- Except in Ontario, rates are fixed throughout the term of the loan; this means that borrowers suffer in periods of falling interest rates and lenders are tied to unduly low rates when interest rates are rising.

- Full public and student knowledge of the costs and benefits of loans is hampered by the fact that existing programs combine a guaranteed loan per se with non-repayable aid in the form of subsidized interest without clearly distinguishing between the two types of assistance.

This final point deserves considerable emphasis. The fact that government initially pays interest on student loans means that in effect this scheme involves a mix of both a loan guarantee and a non-repayable grant in the form of an interest subsidy to the student. The direct costs to government of providing non-repayable aid in the form of interest subsidies is in the order of three times the amount spent on paying claims for loans to lenders under the guarantee. The problem is not in providing both sorts of assistance, but rather in having both elements entangled in a way that makes it difficult to determine how much non-repayable aid is being provided in particular cases and what is the true cost of borrowing. For example, if repayable and non-repayable elements could be kept separate students would know clearly the interest charges that were being paid on their behalf. Government policies and programs could be more easily examined and evaluated if it were clearer how much was being spent on non-repayable aid in the form of interest subsidies and how much on loan guarantees.

The Task Force concluded that, if loans are to be part of future programs:

- The existing approach of having interest rates related to general market rates either directly or via a formula (e.g., related to bond rates or the chartered banks prime rates) is fair to all parties although a review of the particular formula used is needed.

- Where commercial lending organizations are involved, the precise formula for determining interest rates should be, as is the case with guaranteed loans, linked to a number of other issues involving the relation between governments and financial institutions (e.g., the interest rates on comparable types of guaranteed loans). The determination of that formula is therefore best left to negotiations between the government concerned and the financial institutions, as at present.

- Future programs should distinguish the costs and benefits associated with the guaranteed loan per se and the costs and benefits of the conceptually separate non-repayable aid provided in the form of interest subsidies, resulting in better information to students on the nature of the commitment they are undertaking when they borrow as well as better information about the nature of the program as a whole for the information of students and the public.

8.10 Student Debt Load

Student debt load was one of the central issues facing the Task Force, an issue specifically referred to in its mandate. Two quite distinct problems are often discussed under the heading of debt load. The first is the possibility that concern about a high debt load may discourage individuals, especially from lower income groups, from applying for loans and thus from participating in post-secondary education. This topic has already been addressed in Section 8.4, socioeconomic constraints. The second problem, which is discussed here, is the financial impact of student debt on those who do attend and who must repay that debt. The questions which the Task Force asked were:

> Issue D4 - Student Debt Load: What level of debt load do existing assistance programs place on different types of student? What problems resulting from debt load exist? Should programs be modified to reduce these problems in the future, and, if so, how?

Internal CSLP data indicate that debt loads resulting from CSLP loans are generally not large. Data on all loans that have reached repayment status since the beginning of the program in 1964, indicate that 46% of student borrowers took out loans of less than $1,000, 75% borrowed less than $2,000, 88% borrowed less than $3,000 and 94% borrowed less than $4,000. Only 3% borrowed more than $5,000.

Debt load ranges for borrowers who were in the final year of any course in 1978-79 were:

CSLP debt load	% of student borrowers by size of loan	Cumulative %
Under $1,000	10	10
$1,000 - $2,000	18	28
$2,001 - $3,000	20	48
$3,001 - $4,000	21	69
$4,001 - $5,000	14	83
$5,001 - $6,000	9	92
$6,001 - $7,000	5	97
$7,001 - $8,000	2	99
$8,001 - $9,000	1	100
$9,001 and over	1	101

Debt loads are, of course, higher in provinces that also provide aid in the form of loans and for those students that also take out commercial loans.

By category, students in the final years of the following programs in 1978-79 had mean CSLP debt loads of:

Community college	$1,900
Technical and vocational	2,100
Nursing	2,400
Teachers college	2,900
University undergraduates	3,000
Ph.D.	3,700
Law	3,700
Master's	4,500
Medicine	4,500
Dentistry	5,600

These figures must be used with caution, since they, for example, compare a two-year nursing course with a one-year course and they double-count people graduating from more than one program. Nevertheless, the examples do suggest that, generally, the areas of study where debt loads are highest are also those where graduates are likely to have highest incomes following graduation and be most able to repay.

The June 1980 survey sponsored by the Task Force asked former post-secondary students who were under the age of 35 and had been in receipt of student aid if they experienced any difficulty in meeting loan repayments. Of those who replied, only 12% indicated they had difficulty. The same results held for recent graduates as well as those who graduated before 1975 and for both those who held loans only and those who held a mix of loans and grants. Length of study also made little difference.

Repayment problems were low in all provinces.

Those who attended in	Percent who reported no difficulty in meeting loan payments
Newfoundland only	96
Prince Edward Island only	95
Nova Scotia only	82
New Brunswick only	86
Ontario only	91
Manitoba only	93
Saskatchewan only	96
Alberta only	81
British Columbia only	83
More than one province	80
Total (excluding Québec)	88

In provinces where students experienced most difficulty in repayment (those who attended in Alberta and in Nova Scotia and in more than one province), it is found that somewhat fewer difficulties were experienced by recent graduates (those who left in the period 1976-80) and somewhat more difficulties by those who completed their education before 1975. Difficulties may be expected to decline in future since some provinces have added new grant programs.

It might be expected that there would be a direct relationship between repayment difficulties and the length of time between leaving school and finding full-time work. While this indeed proved to be the case, the differences were not large. There was no appreciable difference in difficulty until an individual had been without full-time work for at least six months. But even for those without full-time work for between 7 and 12 months, 81% still reported no difficulties and of the relatively small number who were out of work longer, 81% also reported no difficulties.

As indicated in Section 8.15, loan default rates are not unduly high and do not point to widespread repayment problems.

Submissions to the Task Force indicate what might be called a moderate concern with debt load problems. The topic was mentioned in one way or another in some 50 submissions, but usually with less emphasis than concerns relating to the extension of aid to part-time students, the independence issue or the fact that the rate of increase in aid was felt to be falling behind inflation. Some 15 submissions mentioned that loan repayments should begin six months after finding employment (instead of six months after leaving school) and about the same number indicated that loans were too large. There was a scattering of suggestions for linking repayment to income, or allowing repayment to be through community service. A few submissions recommended loan remission schemes, although the results of the June 1980 survey did not indicate general support for remission plans. Several submissions argued that the prospect of debt load was a deterrent to participation, particularly for students from low-income families. Several others argued that it was inequitable that students were left with a large debt load after graduation because they came from low-income families. Some submissions called for a financial management counselling service for students with high debt load.

Section 6.3 indicates that 17% of current students who do not receive aid stated that one of the reasons for this was that they did not want to go into debt. Section 8.7 indicates that of persons who did not attend a post-secondary institution, 8% stated that one of the reasons was that they did not want to go into debt.

In summary, it appears that the problems of handling debt load resulting from existing loan programs are not widespread. Two types of problems exist. First, some students are unaware of, or do not use, the existing flexibility in negotiating repayment schedules with financial institutions. Secondly, a minority, but still a sizable number of individuals, found difficulty in meeting payments for a variety of reasons, including:

- temporary repayment difficulties, mainly arising from labour market conditions where graduates are unemployed for long periods or take low-paying jobs until they find more suitable employment;
- difficulties of students who have lower income after graduation and consequently less ability to repay - the handicapped, individuals who leave the labour force (e.g., to raise a family), individuals who choose lower paying jobs (often of great importance to society as a whole). This is compounded by the general difficulty, common to many spheres of life, that repayment schedules do not take into account either income differentials or the general fact that income and ability to repay is usually lowest at the outset of an individual's career.

In terms of numbers of people involved, the largest potential repayment problem is likely among those who are unemployed or underemployed after graduation. The Task Force looked especially at the reasonableness, in light of the current labour market situation, of existing procedures which call for loan repayment to start six months after leaving school. A Statistics Canada survey of the 1976 graduating class from Canadian colleges and universities showed that there was some initial difficulty in finding employment. One month after graduation in 1976, almost 25% of graduates were still unemployed. This compared to an unemployment rate of just over 7% for the entire Canadian labour force. One year after graduation, however, the unemployment rate for graduates had fallen to a point below the unemployment rate for the labour force. Two years after graduation, in June 1978, the unemployment rate for 1976 graduates who had not returned for post-graduate training was 5.5%, considerably below the 8.6% recorded for the entire labour force, and the 11.9% recorded for the 20-24 age group for the same reference period.

The survey of 1976 graduates found that community college graduates had more initial difficulties in finding employment than did university graduates, but that this was reversed within one year after graduation. Chances of obtaining full-time employment following graduation from all post-secondary institutions were considerably better for males than for females. The unemployment rate in June 1978 for male graduates was 4.8% compared to 6.3% for female graduates. For males, chances of obtaining full-time employment improved with additional years of education, regardless of whether one attended a college or a university; for female graduates, the percentage employed remained the same regardless of program length or level. Significant differences were found in full-time employment rates by field of study. Graduates of fine, applied and performing arts programs at both the college and university levels had above-average difficulty in finding jobs.

The survey also found that a "relatively high percentage of the graduates found employment related to their education, were satisfied with their jobs and with the remuneration for their efforts".

Special data from this survey indicate that three months after graduation, 28% had not found full-time employment. Six months after graduation this had dropped to 13.5% (15.2% for university graduates, 10% for community college graduates). After nine months this dropped to 9.9% and after a year to 7.3%. Note that these data are not unemployment figures. They include those who choose not to join the labour force immediately after graduation, as well as the unemployed. The six month period for starting loan repayments, therefore would not appear to create difficulties for most students.

These results were confirmed by the Task Force's June 1980 survey. Persons who had attended post-secondary education were asked, "from the time you last attended, how long was it until you started your first full-time job?" For those leaving in the period 1976-80 who answered the question and who reported that they had full-time jobs since graduation, the following results were obtained:

	%	Cumulative %
Found full-time work immediately	28	28
Found full-time work in 1 or 2 months	39	67
Found full-time work in 3 or 4 months	14	81
Found full-time work in 5 or 6 months	8	89
Found full-time work in 7 to 12 months	7	96
Found full-time work in 13 months or longer	3	99

The Task Force concluded that the six-month period before repayment begins appears reasonable.

The Task Force also concluded that, under existing programs, debt loads were generally not high and did not create problems for many students. In part this has been due to the growth of provincial programs of grants and loan remissions, although debt load problems are not common even in those provinces that rely heavily on provincial loans. Another reason for the absence of widespread repayment problems has been the decline (in constant dollar terms) of the average size of loans; this decline is the result of a number of factors including declines (in constant dollars) in some of the costs associated with post-secondary education and including the existence of the loan ceilings which have resulted in some students with above-average needs receiving loans of lower value than they would otherwise have received. However, the data in Section 8.2 indicate that most unmet need is relatively small and, even if loan ceilings were removed, average loan sizes for most students would not increase significantly. There is a relatively small category of students with high unmet needs, mainly students with dependents. Removal of aid ceilings would increase debt load in this group, but not as much as the unmet need figures would indicate since a number of these now also take out commercial loans or borrow from relatives.

However, for a small number of individuals debt load problems are real. Existing programs do provide for some flexibility in handling these cases in the context of exceptions to normal collection practices. **The Task Force felt that** new procedures should be developed, separate from the existing collection procedures, to look after the needs of the minority with legitimate debt loan problems. These new procedures should be publicized to ensure that they are widely known not only to recipients with a high debt load but also to students at the time they are considering the costs and risks of borrowing. Consideration should be given to establishing a financial management counselling service for those with high debt load.

8.11 Collection Practices

Application of the principle that student aid is a shared responsibility has resulted in the existence of difficult and visible problems with respect to students who do not meet their loan repayment obligations. The extent of loan default is discussed in Section 8.18. The present section deals with the appropriate action to be followed by governments with regard to defaulters. The Task Force asked:

> Issue D5 - Collection Practices: To what extent do existing programs treat students who do not follow agreed-upon terms and conditions of loan repayment as other citizens who do not keep similar obligations? In what circumstances would special treatment be desirable?

If a borrower does not keep a CSLP loan up-to-date, the lending institution will attempt to resolve problems and, in certain circumstances, will make adjustments in its repayment schedule. When an arrangement is not made for repayment by the lending institution, these cases are turned over to the federal government which pays off the loan and refers the case to a commercial collection agency. During the collection period, repayment on some loans is postponed as a result of factors such as illness, unemployment, or other kinds of hardship, and a very small number of loans are written off in cases such as death and permanent disability. There is often much dialogue with the student during this collection period and much effort is devoted to matching repayment with the particular situation of the student. However if the individual ultimately refuses to pay without good reason, the case is referred to the federal Department of Justice for legal action.

While the collection procedure appears similar to that for any commercial loan, it has been in fact considerably less stringent because:

- collection agencies are required by the federal government to follow softer collection practices than in commercial cases, e.g., the family of a student debtor is not asked for payment and such payments are accepted only if an unsolicited offer is made;

- an individual's credit rating is not affected unless legal action is required;
- the whole collection process takes longer than in comparable commercial cases;
- the borrower does not pay any part of the collection agency costs and, as interest rates remain the same, the students pay the same amount to the collection agency as if the account had been paid to a bank.

Alberta follows approximately the same procedure in its collection practices for outstanding provincial loans. Ontario and Québec use government agencies in collecting provincial student loan debts.

The Task Force noted that very rigorous collection practices would be more equitable to all borrowers and might result in somewhat higher recoveries. They might also have a deterrent effect, although the magnitude of this effect might not be large.

On the other hand, the Task Force understood the difficulties involved in introducing stringent commercial collection practices. Collection practices are often seen as a form of harrassment and seem particularly unfortunate in programs such as the CSLP that are directed to financially-needy individuals. Another difficulty is that the collection system is presently the main means by which the CSLP makes allowances for legitimate difficulties in repaying loans. Because the forgiveness of loans on the grounds of physical handicaps or the postponing of repayments due to periods of unemployment takes place as part of the process of collecting individual loans, the whole collection process must necessarily be more sensitive and less stringent than normal commercial collection practices.

The Task Force concluded that, either through the use of government collection agencies or through the use of commercial agencies using "softer" practices than for normal debts, most existing collection practices represented a reasonably sensible balance between overly stringent and overly lax collection practices. For the future, if loans are part of aid programs, the Task Force saw merit in establishing special procedures outside the collection process in order to handle cases of legitimate difficulties in repaying loans.

8.12 Self-Support and Family Contributions: The Financial Role of Parents and Spouses

Submissions to the Task Force, especially from student bodies, expressed great concern that in the calculation of student need, there is a requirement for a parental contribution. Some submissions were concerned with cases where the parents refused to make the required contribution and a number raised questions about the formula used to calculate the size of the parental contribution. Other submissions questioned the requirement for a mandatory parental contribution in the first place. It was argued that post-secondary students are, or should be, independent of their parents and should be regarded as financially self-supporting. While submissions were primarily concerned about financial independence from parents, a few also mentioned financial independence from spouses.

The June 1980 survey indicated that a majority of the general public, including the parents of post-secondary students and post-secondary graduates, felt that there should be a parental contribution. Current students on the other hand were split equally on whether the calculation of need should take into account the income of students only or the income of parents and students together.

The question which the Task Force asked was:

> Issue D.6 - Self-Support and Family Contributions: What difficulties have existing criteria relating to family contribution created for parents, for spouses, and for students? How can such difficulties be minimized in the future?

The present approach is first to determine whether a student is self-supporting (i.e., financially independent of parents). For students who are not self-supporting, a parental contribution is calculated.

There are two elements to the calculation of the parental contribution. First, parents at or above a moderate level of income are expected to contribute an amount equivalent to the amount needed to support the student at home on a weekly basis. In 1980-81, this means that families are expected either to provide room and board for children in post-secondary institutions or to contribute $40 a week if one student is living away from home and reduced amounts for other students who are living away from home.

The second element applies only when family income is above a moderate level. A portion of this 'discretionary' income is counted as a required contribution in addition to the basic contribution. This amount escalates with income. The actual tables used are complex and have been subject to much review and adjustment over the years.

The overall effect of the parental contribution requirements is that aid is concentrated among students from lower income families. The only students from middle and upper income groups (except those who are self-supporting) who can receive aid are those whose educational costs are unusually high. The following table indicates that of the total amount of aid provided to non-self-supporting students, 61% went to those whose family income was reported at under $15,000 and 94% went to those whose family incomes were reported to be under $25,000.

Non-self-supporting aid recipients by family income, 1978-79

Family income	Percentage	Cumulative percentage
Under $9,000	29	29
$9,000 to $14,999	32	61
$15,000 to $19,999	22	83
$20,000 to $24,999	11	94
$25,000 to $29,999	4	98
$30,000 to $34,999	1	99
$35,000 and over	1	100

The June 1980 survey indicated that among current post-secondary students, 55% of those with household income of less than $25,000 received aid. Of those with household incomes of $25,000 and over, only 10% received aid.

A parental contribution is not required for students who are deemed to be self-supporting. To be considered self-supporting for Canada Student Loan purposes a student must be able to demonstrate any of the following:

- completion of any combination of academic years of post-secondary schooling and of 12-month periods in the labour force which add up to four at the beginning of the term for which aid is sought;
- completion of two periods of 12 consecutive months in the labour force at the beginning of the term for which aid is sought;
- is married;
- has neither parents nor guardians.

Existing provisions relating to financial contribution can cause problems for students, for parents and for spouses. For students, there are two types of problems:

- some students wish to be self-supporting and, for most purposes are self-supporting, but the criteria, being based on general social proxies, do not recognize this independence;
- some parents refuse to support their children's post-secondary education financially.

The first problem relates to the fact that existing criteria are not based on any direct test of independence but on such social proxies for self-support as becoming married or stepping out of the school system for a period of work. The difficulty with this approach is that the post-secondary population is concentrated in those age groups where the transition is normally made between living in the parental home and becoming self-supporting. It is consequently particularly difficult to identify stable acceptable norms or proxies for independence in this age group. There is widespread criticism of the existing approach and the Task Force felt that it was essential that the criteria be modified to provide closer reflection of the actual ties of financial support that exist between parents and students. There appear to be three ways of doing this:

- continuing with the existing approach based on social norms or proxies (possibly in modified form), since these still remain valid in most cases, and developing new provisions for those who do not meet these proxies. For example, the student could be given the right to be granted self-supporting status on appeal, provided evidence could be produced that financial ties from parents had actually been broken;
- dropping the requirement for parental contributions but counting such contributions when they are made;
- adopting an approach such as that followed in the United States where the self-support criteria are based not on social proxies, but on actual ties of dependence and independence. For example, the student might be considered self-supporting if he or she can demonstrate that, during the year to which the application refers or in the preceding year, he or she:
    - was not claimed as a dependent on parent's income tax; and
    - had not lived at home for more than six weeks; and
    - had not received support from parents of an amount of more than $750; or
    - was married or had no parents or guardians.

There are supporters for each approach. In submissions to the Task Force, the Association of Canadian Community Colleges recommended modifications to the existing approach. The National Union of Students recommended dropping the requirement for a parental contribution. Some financial aid administrators favoured the American approach, although this recommendation was eventually dropped from the submission of the Canadian Association of Student Financial Aid Administrators.

The option of dropping the requirement for a parental contribution would remove the need for a test to determine when such a contribution were required. Both of the other two approaches involve such tests. The Task Force felt that the approach used in the United States, while not without its difficulties, was conceptually closer to the "self-support" approach the Task Force had adopted than was the current practice of using social proxies. The test for self-support status should presumably be the actual extent to which the student is financially self-supporting. The test in the existing programs is not so much intended to distinguish the self-supporting from the non-self-supporting as it is intended to distinguish the "dependent" from the "independent" student. When one is concerned with the concept of independence, then it is reasonable to look at social norms or proxies for independent status. The present program therefore uses such tests for independence as length of study, marital status, or time spent in the labour force.

The differences between the concepts of "independent" and "self-supporting" are subtle and the Task Force also looked at the practical implications of the two approaches. For most students the approaches would be identical in practice; two groups of students only would be affected in a major way. In the first group are single students who wish to (or must) opt for self-supporting status before they complete four years of study. At present, this can be done only by stepping out of the school system for a time or by special appeal. Using the self-support criteria, such students would have an additional route to self-support status; they could cut all financial ties from their parents for a one-year period and finance themselves entirely during that year without either parental or government aid (for example, through a combination of summer employment, part-time employment and commercial loans). The other group to be affected would be single students who now are classed as independent but who have not in fact severed parental financial ties (for example graduate students who are classed as independent due to length of study but who still live in their parental home). This group would be classed as independent using existing criteria but as non-self-supporting using the self-support test. On balance, the Task Force estimated the self-support criteria would likely result in somewhat more students requiring a parental contribution than does the present approach. Self-support criteria would consequently result in a greater percentage of available aid being directed to students from families with below-average incomes because more middle and high-income families would be required to make parental contributions.

With respect to the problem of parents who refuse to provide a financial contribution, the Task Force heard that this was a serious problem for some students but could find no empirical evidence to suggest that it was widespread. Any of the three new approaches to self-supporting status would reduce the incidence of the problem. In addition, the Task Force felt that, regardless of the approach to self-support criteria, special guidelines should be developed for use in the appeal procedure to ensure that no qualified student is denied the opportunity to continue post-secondary education because of a parental refusal of financial support.

The Task Force next turned to the problems which the existing approach present to parents. The case of parents who do not wish to support their children financially while at post-secondary education has already been discussed. The problem discussed here is the reasonableness of the size of the parental contribution. A number of submissions to the Task Force referred, in particular, to the fact that parents are expected to make a financial contribution to living costs of all students in the family who are simultaneously attending a post-secondary institution and who are living away from home. The rationale for the present approach is that the parents provide room and board for all students who are living at home and equity therefore demands that they make at least some contribution towards the living costs of students who live away from home. The existing criteria recognize that incremental costs of providing room and board for a student at home is much lower than away from home and therefore call for a reduced contribution when more than one student is involved. Nevertheless, a number of submissions argue that this places an unreasonable hardship on parents with more than one post-secondary student.

While a strong case could be made in defence of the existing approach to calculating a parental contribution when two or more children are concurrently at post-secondary institutions, the Task Force felt that it added complexity to the calculation of the parental contribution, that it might cause financial hardship in a few cases, and that its rationale, while legitimate, was difficult to explain. A change which would require a single parental contribution divided among the total number of students engaged in post-secondary education would not add significantly to the cost of the program.

The Task Force next looked at the effect of financial contributions of the spouses of self-supporting students. Existing programs use an entirely different approach for calculating a spousal contribution than for a parental contribution. Parents with a moderate or above average income are expected to contribute to the post-secondary education of their non-self-supporting children. For those with low incomes, no contribution is required but there is no 'negative' contribution. That is, the program does not provide extra money to parents to help support the family when a child attends a post-secondary institution. This kind of 'negative' contribution does exist, however, with spouses. For self-supporting students who are married or are single parents, total family income is taken into account, as is the cost of maintaining a reasonable level of living. Income in excess of costs is treated as a resource. Costs in excess of income are allowed as educational costs to be met by student aid. This is the 'married student adjustment' referred to in Section 4.2. For aid applicants considered to be self-supporting by reason of marital status, costs exceeded income in some 77% of the cases in 1978-79 and those students were allowed a married student adjustment that averaged $4,335. This represented 85% of the total costs allowed for this group. On the other hand only 16% of married student applicants had a family contribution on the resources side of the equation; for these, it averaged $2,820.

In summary, the spouse's 'contribution' tends to work very much in favour of students. It is undoubtedly for this reason that the Task Force received few complaints about family support provisions for married students, except for the problems relating to unmet need which were discussed in Section 8.2.

The Task Force concluded that:

- There is an inherent problem in the existing approach to establishing whether a student is self-supporting. This rests on use of social proxies to determine when a student is independent of his or her parents. Yet the post-secondary population is mainly at an age when transitions from dependent to self-supporting status are often made, making the use of social norms difficult. The Task Force identified different ways of dealing with this problem for discussion by interested parties.
- While the problem of parents who refuse to support their children financially does not appear to be widespread, it would be useful to have special procedures that ensure that a student is not denied a post-secondary education because of parental refusal to provide a share of the needed financing.
- The family contribution tables should be revised to require only a single parental contribution to be allocated among all children concurrently attending post-secondary institutions.
- With respect to the contribution of spouses, the present approach of counting the entire family income appears reasonable and, in practice, works in favour of a student.

8.13 Information Management Practices and Paperburden

The Task Force next looked at the Fairness, Responsiveness and Privacy Principle. The first issue related to paperburden:

> Issue E1 - Paperburden: What characteristics of existing student assistance programs have placed the greatest volume of paperburden (i.e., total and average hours spent in meeting program requirements) and have caused most irritation to applicants and other non-government participants? What characteristics are likely to minimize paperburden in the future?

There is no doubt that any means-tested program involves significant effort on the part of applicants in filling out forms and providing the necessary documentation.

However, submissions to the Task Force did not emphasize paperburden problems. "Complicated procedures" was not among the main responses to those who answered the question in the June 1980 survey on the problems encountered. The Task Force therefore decided that it was not necessary to conduct a major study of paperburden. In general, provincial authorities estimate that it likely takes most students from half an hour to one hour to complete the application form (including reading instructions, etc.). More time consuming is the necessity to locate various documentation that may be required (marriage certificates, medical certificates, documentation regarding summer earnings, parents' income tax forms, proof of citizenship). It is estimated that, where such documentation is required, it usually takes about two weeks to obtain.

The Task Force concluded that, while the programs did require considerable time and effort on the part of students, most of this was likely a necessary feature of a means-tested program. While there have been a number of suggestions for streamlining procedures and reducing paperburden by, for example, creating simpler application processes for loans and more controlled procedures for grants, students do not appear to regard paperburden *per se* as a major problem. One area of simplification that might be considered, however, is to eliminate the present practice in some provinces of asking students to estimate their costs on application forms in those cases where the assessment of need is based on a standard allowance rather than on actual costs.

8.14 Privacy

The second aspect of the Fairness, Responsiveness and Privacy Principle which the Task Force examined related to privacy and confidentiality:

> Issue E2 - Privacy: To what extent do existing student assistance programs conform to the principles: that applicants have the right to see all information maintained about them, that applicants have the right to request corrections to personal information they believe to be in error, and that governments do not use personal information for any purpose not directly related to the program without the consent of the individuals to whom the information pertains? How can future programs most easily incorporate these provisions?

There is no doubt that existing aid programs have the potential to intrude on the privacy of both students and parents, particularly with requirements to produce their own and parental income tax documents. However, some such requirements appear to be an almost inevitable consequence of a means-tested program and the Task Force received little criticism of existing programs in this respect. Privacy protection rights, as indicated in the wording of the issue, now exist for the CSLP. They are part of legislation that applies to all personal information held by the federal government as a consequence of the passage of Part IV of the Canadian Human Rights Act. While comparable legislation does not yet exist in most provinces, no particular problems relating to privacy protection have been drawn to the Task Force's attention. **The Task Force concluded that** present practices regarding privacy protection appear adequate.

8.15 Responsiveness

The next issue relating to the Fairness, Responsiveness and Privacy Principle is responsiveness:

> Issue E3 - Responsiveness: To what extent are existing programs sensitive and responsive to the publics they serve, including quick turnaround time on applications and requests for information, ease of access to those responsible for making administrative decisions, and the use of understandable non-bureaucratic language in forms and letters? How can responsiveness be improved in the future?

Submissions to the Task Force did indicate concerns with the sensitivity of the programs to the public they serve. In particular, there were complaints over long delays in the processing of some individual applications and lack of consultation with students and other affected parties on the overall criteria governing the programs. The Association of Canadian Community Colleges argued there was a need for a complete and thorough review of all processing procedures with the intention of reducing 'turn-around' time. The National Union of Students recommended that significant student representation should be guaranteed on any provincial or national student aid decision-making, recommending or coordinating bodies. The Canadian Association of Student Financial Aid Administrators recommended that a toll-free telephone access and an information service be introduced to permit financial aid administrators, students and their families to communicate directly with CSLP officials in Ottawa. Several submissions recommended that student aid officials be given the authority and budget to make decisions regarding cases on a local, decentralized basis. A few submissions also mentioned the bureaucratic language used in brochures and application forms. The second most frequently mentioned problem in the June 1980 survey, after the problem of insufficient aid, related to delays in obtaining aid.

The Task Force found there was considerable variation in the time it took to process individual applications; it averaged less than three weeks in a few provinces but was usually from four to eight weeks. Appeals take even longer. The record of answering enquiries was better. Most provinces provide information over the phone. The volume of enquiries to provincial governments varies considerably depending on the time of year and on the role of student awards officers in each province. Newfoundland estimates it handles about 200 calls and 50 letters a week, while Ontario estimates it receives 2,000 phone calls and 175 letters a week. In general, letters are answered within a week to 10 days. CSLP officials take more than a month to respond to letters dealing with loan defaults, although this varies considerably with the complexity of the case.

The Task Force concluded that more should be done to improve responsiveness, both by speeding up the processing of individual cases and by providing more active input by students and awards officers in the setting of overall criteria and policies. **The Task Force felt that** any new program set up should incorporate the following features:

- Routine decisions on individual cases should be handled automatically using data-based management systems once the technology allows this to be done quickly and efficiently. To the extent that individual decisions are needed, they should take place on as a decentralized basis as possible within the context of an overall system that is efficient and accountable.
- Representatives of all parties involved (at present this would involve students, awards officers, both levels of government and lending institutions) should have input to a regular review of the criteria and processes used to administer the program.
- Standards should be established for matters touching on responsiveness (e.g., turnaround times). Adherence to these standards should be monitored.

8.16 Consistency

A fourth issue relating to fairness in administration is the consistency of decision-making and the accessibility of the criteria that govern those decisions.

> Issue E.4 - Consistency: To what extent do existing student assistance programs conform to the principle that decisions in particular cases should follow directly from known criteria and that individuals receive the same treatment except where there are relevant differences in their need?

Answers to this question depend on whether one looks at existing student aid programs as being basically national or provincial in scope. The existence of the CSLP and the CSL administrative criteria tend to create an expectation that there is a national approach to student aid. From this perspective, existing programs are clearly inconsistent since there is much variation among provinces both in the way the criteria are applied and in types of aid provided. The Task Force constructed five case studies that it felt would be reasonably representative of different types of financially needy students and sent them to officials in each province. The Task Force asked them to calculate the amount of aid that would be received by these hypothetical students in that province. The resulting differences were considerable:

- The average assessed need of the five "students" over the entire period of their post-secondary education ranged from $4,779 to $9,458.

- The average non-repayable aid (including grants and remissions) that would have been received over the entire post-secondary education of the five hypothetical students ranged from $1,234 to $3,761.

- The average net debt load for the five "students" after completion of studies and after any remissions ranged from $2,635 to $6,210. Expressed as a percentage of aid received, debt load varied from a low of 53% to a high of 76%.

The differences in treatment of the five hypothetical cases among the provinces proved to be greater than the average differences that actually exist. This indicates that the cases were not as representative as had been hoped and that the figures above should be used with caution. A considerable part of the variation in provincial treatment of the cases is due to legitimate differences in regional costs. For example, away-from-home living allowances are set by individual provinces based on regional costs. However, even after allowing for regional differences in costs, significant variations remained in the way the cases were treated in different provinces. Such variations arose in part from the fact that provinces, as a matter of policy, apply the criteria in different ways and, in part, from differences that arose as a result of individual judgements on how the criteria should be applied in particular cases. Examples of differences in treatment in different provinces included:

- variations specifically allowed by the CSLP criteria (e.g., treatment of assets, summer earnings);

- different treatment of working allowances for spouses;

- not all provinces provide a maintenance allowance for students living at home;

- some provinces offset resources between part-time work, student contribution and parental contribution, allowing additional resources from one area to make up resources missing from another;

- in a few cases child support payments were deducted from the students' contributions rather than included as an additional cost.

In summary, if the expectation is that there either is or ought to be a standard national approach to student aid, existing programs are flawed badly on the consistency issue. However, in practice, there is no national plan. Rather, there are 12 packages of programs that operate in each province and territory and which are coordinated, but only to a limited extent. Starting from the expectation that student aid programs are primarily provincial in character, the problems of consistency appear greatly diminished, since the same criteria tend to apply consistently within a province. However, even here the case studies suggest some cause for concern since it is clear that a considerable element of individual judgment is sometimes needed in the application of the criteria. While such judgments may make aid decisions more responsive to the needs of students in different circumstances, it also raises the possibility of inconsistent treatment, possibly even within a province.

The Task Force concluded that while there was no evidence of major problems of inconsistent treatment of cases within a province, it would be desirable for the criteria to be made more precise to minimize the need for individual interpretation; the Task Force felt that the great majority of decisions could eventually be routinely handled by computer. There are, however, major differences among the provinces on the assessment of need, the amount of aid received, and the resulting debt load after graduation.

8.17 Public Knowledge

The Task Force next looked at the fairness with which general student assistance programs are administered. The first issue examined was public knowledge:

> Issue E5 - Public Knowledge: To what extent are all persons who are eligible for existing student assistance programs aware of those programs and the means of applying for assistance? How can public knowledge be improved in the future?

Section 8.4 describes the extent of awareness of aid programs among various sectors of the general public. This present section deals with awareness by those who are potential applicants; i.e. the post-secondary students themselves and those who are actively considering enrolment. As indicated in Section 8.4, the June 1980 survey found very high levels of awareness in this group. Some 97% of those currently attending a post-secondary institution were aware of the programs and 77% had themselves applied or knew of a friend or relative who had applied. The survey also found that over 80% of senior secondary students were also aware of the programs, about half having applied themselves or knowing friends or relatives who had applied.

Awareness was marginally higher for those at universities than for those attending non-university programs (96% versus 89%). Awareness increased with the length of time which the student had spent in post-secondary education, ranging from 89% for those who had spent only one year to 98% for those who had spent four or more years. However, this factor alone does not account for the slightly lower awareness in the non-university sector; even allowing for length of attendance, awareness was higher in the university sector.

There was little provincial variation in awareness levels either for those currently attending a post-secondary institution or for those persons under the age of 35 who once attended. Awareness levels were above 90% in all cases with a minor exception of 88% awareness in Newfoundland.

Both men and women had approximately the same level of awareness.

The survey also asked individuals in this group who had not applied for post-secondary education to indicate the reasons why they had not done so. Only 9% indicated that lack of knowledge of the program was a factor in not applying (individuals could report more than one answer). This figure was even lower for students who were currently attending post-secondary institutions.

The survey also indicated there were no major differences in awareness between students who completed their post-secondary education with a degree and those who did not. This suggests that lack of awareness of aid was not a major factor affecting dropouts from post-secondary education.

High awareness of student aid programs among post-secondary students has been found in other studies as well. For example, in a 1980 student survey at the University of Waterloo, 97% of respondents knew that the acronym 'OSAP' stood for "Ontario Study Assistance Program", the Ontario grant program. Visibility of the CSLP and provincial loan programs is much lower. The 1974-75 Statistics Canada post-secondary student survey found that students did not clearly differentiate CSLP loans from provincial loans. More generally, the government's role in a loan program is often clearly understood only in cases of loan default and subsequent collection procedures. It is not always apparent that loan programs involve considerable government expenditure, not only to cover loan defaults but also to provide non-repayable aid to students in the form of interest subsidies.

Except for the need to increase awareness of the roles and responsibilities of the governments that provide the aid, particularly with respect to loan programs, **The Task Force concluded that** present approaches to publicizing aid programs appeared satisfactory with respect to current post-secondary students. As indicated in Section 8.4, future information programs should concentrate on secondary school students.

8.18 Independent Appeals

The next issue the Task Force addressed on the fairness principle was that of the appeal mechanisms associated with existing programs:

> Issue E6 - Independent Appeals: To what extent do existing programs allow for an appeal by the applicant, to an independent authority, of the decisions affecting the amount of assistance received or the terms of repayment? How can future programs provide for right-of-appeal to independent authorities?

All provinces have processes for review and appeal of student aid decisions. A review is carried out by officials following a request by a student. The review by and large follows the precedents set in past appeal board decisions. If the review does not result in a decision satisfactory to the student and if the grounds of the decision are appealable, then the case is passed on to an independent appeal board, which has the power to change awards and in most provinces can overrule regulations and criteria. In Ontario and British Columbia the appeal board can overrule regulations other than those dealing with residency and out-of-province study. Appeal boards are usually composed of members drawn from government departments, the student body, post-secondary institutions, and the general public. Exhibit 10 below shows the source of membership of the boards in each province and the number of appeals heard in the period July 1 to December 1, 1979.

Exhibit 10 shows that the percentage of aid applications resulting in reviews fluctuates considerably depending on the administrative arrangements in the province. The number of appeals is small in all provinces; about 1% of all applications for aid wind up before an appeal board. Appeal boards make some changes in about 70% of cases that reach them.

The low number of appeals could be due to a number of factors: a general satisfaction with decisions made at the time of the original application or in the review process, a lack of information about the appeals process, difficulty in access to the appeals process, etc. Since the results of the June 1980 survey did not indicate any major dissatisfaction with the administration of student aid and since submissions to the Task Force did not indicate any particular problem regarding lack of knowledge of the appeal process, the Task Force assumed that the low number of appeals largely reflected a general satisfaction that the original decisions had been made in conformity with the regulations and criteria. A canvass of provincial officials involved in the review process indicated that the system worked reasonably well from their perspective as well, although some pointed out that the process was time-consuming and that there were some inconsistencies because of the lack of detailed guidelines to assist members of appeal boards.

In summary, the Task Force concluded that existing review and appeal processes were reasonably satisfactory and that the composition of the appeal board in most provinces ensured an independent hearing. For the future, the Task Force felt that:

- Consideration should be given to increasing consistency in decisions by preparing guidelines (including cases) for use in the review process and by appeal boards.
- Consideration should be given to establishing a common model for the mandate and composition of appeal boards such that members always include representation of students, post-secondary institutions and government.

Exhibit 10 Number of reviews and appeals of student aid decisions, by province, July 1 to December 1, 1979

	Reviews	Appeals dealt with by boards	
	Number	Number heard	Number charged
Newfoundland	* 1,300	25	7
Prince Edward Island	711[1]	23	11
Nova Scotia	1,437	80	40
New Brunswick	* 3,000[2]	16	12
Québec	* 3,000	*150	135
Ontario	*12,000	303	212
Manitoba	1,419	230	127
Saskatchewan	* 1,000[3]	116	59
Alberta	469	69	45
British Columbia	730[4]	555	459

Source of membership of provincial appeal boards

	Total members	Students	Post-secondary institutions	Government	Public
Newfoundland	7	2	2	3	-
Prince Edward Island	5	1	1	2	1
Nova Scotia	3	1	1	-	1
New Brunswick	6	2	2	2	-
Québec	3	-	-	3	-
Ontario	5	2	1	-	2
Manitoba	7[5]	-	-	7	-
Saskatchewan	5	2	1	1	1
Alberta	3	1	-	-	2
British Columbia	9	3	3	2	1

* Approximate number.

1. All applications with P.E.I. Bursary are reviewed. Students are encouraged to include any other reasons for review at the same time.

2. Reviews are done automatically on earnings review forms and re-assessed if necessary.

3. No automatic review on summer earnings - only if requested by students.

4. Because of the financial awards officers in the institutions, many cases do not become reviews and are corrected or changed before the assessment goes in.

5. Student Aid Consulting Committee (members from Student Awards Branch, student awards officers and students) have been invited to attend Appeal Board meetings but seldom do.

General Note: Caution must be used in making provincial comparisons relating to numbers of appeals and reviews; quite different administrative arrangements exist in each province and the type of decisions which are made in the appeal stage, the review stage, and the prior administrative stages vary from province to province.

8.19 Administrative Costs

The Task Force defined good management as the principle that general student assistance programs should be administered efficiently and effectively. Effectiveness is described in Section 8.20. Efficiency refers to the cost of turning inputs into outputs, mainly the cost of processing applications for assistance and collecting loan repayments. Efficiency can be roughly measured by comparing the amount of money received by students and the amount of money spent on overhead. The Task Force therefore asked:

> Issue F1 - Administrative Costs: What characteristics of existing general student assistance programs result in lowest internal administration costs (i.e. the percentage of the total budget for those programs which is not received by students)? What characteristics are likely to provide lowest overhead in the future?

Generally, overheads in existing and future program will vary with:

- the type of aid provided (e.g., loans are costlier to administer than grants because of the need to keep track of individual cases over a long period);
- the number of cases handled (the more cases handled the lower the average cost per case because high fixed costs such as the upkeep of computer systems etc. are shared over a greater number of cases).

Exhibit 2 in Section 4.1 provides a breakout of overhead costs by government. These figures are rough estimates since the cost of calculating such items as floor space, computer services, etc. vary from province to province and, as a result, inter-provincial comparisons cannot be made.

Although it is difficult to say what constitutes an appropriate ratio of overhead costs to the total aid budget, **the Task Force concluded that** data in Exhibit 2 appeared to be reasonable and did not point to any obvious operational weaknesses in any of the federal or provincial programs.

8.20 Operational Effectiveness

The management principle also refers to effectiveness, that is, measures that relate to the outputs of a program. Ultimately effectiveness is measured in terms of how well a program meets its objectives. The main discussion of the effectiveness of existing programs is in the sections of this chapter dealing with objectives. A more operational measure of effectiveness that is useful in comparing program elements is the number of students who are adequately assisted by different programs.

Issue F2 - Operational Effectiveness: What characteristics of existing programs result in the largest number of students receiving adequate financial assistance in relation to their total costs? What characteristics are likely to be most successful in this regard in the future?

Operational effectiveness, as defined here, is affected by the type of aid provided and by the percentage of total funds available that get used up in internal administration. Exhibits 2 and 3 from Section 4.1 indicate that expenditures on loans result in significantly greater aid than comparable expenditure on grants.

	Total amount received by students, 1978-79	Total cost to government (excluding overheads)	
	$	$	% of total payments to students
Grants	150,000,000	150,000,000	100
Loan remissions	16,000,000	16,000,000	100
Loans	226,000,000	69,000,000	31

The following table illustrates the estimated cost to both levels of government of student aid in 1981-82, assuming that full need were met (i.e. no aid ceilings), that the same percentage of the post-secondary population received aid and that present administrative criteria would remain unchanged.

Program mix	Estimated cost, 1981-82 $	Cost as a % of present mix
1979-80 mix of loans and grants	400,000,000	100
100% loans	215,000,000	54
75% loans/25% grants	335,000,000	84
50% loan/50% grants	455,000,000	114
25% loan/75% grant	575,000,000	144
100% grant	690,000,000	173
First $1000 of need is a loan and remainder is 75% loan, 25% grant	330,000,000	83
First $1000 of need is a loan and remainder is 50% loan, 50% grant	445,000,000	111
First $1000 of need is a loan and remainder 25% loan, 75% grant	535,000,000	134
First $1000 is grant and remainder is 75% grant, 25% loan	575,000,000	144
First $1000 is a grant and remainder is 50% grant, 50% loan	465,000,000	116
First $1000 is a grant and remainder is 25% grant, 75% loan	375,000,000	94

In other words, an all-loan program would cost $185 million less than the present mix of loans and grants, while switching to an all-grant program would add $290 million.

The Task Force concluded that evidence supported the rather obvious expectation that, for a budget of a given size, there was a direct relationship between the proportion of loans in the program and the number of students who could be assisted. Conversely, the same number of students could be aided at less cost to governments in programs that contain more loans than in programs that contain more grants.

8.21 Control

Student assistance programs should be administered in such a way that they foster accountability and prevent abuse and mismanagement by governments, students and other parties involved.

> Issue F4 - Control Issue: To what extent are existing general student assistance programs subject to systematic monitoring, audit and evaluation which cover all decision points in the program, as well as the amount of assistance provided in particular cases, and which reflect compliance with both program rules and broader management concerns? What is the extent of abuse? In what specific ways, if any, does the administration of existing programs suffer from too many authorities responsible for different decision points? How can such difficulties be minimized in the future?

The Task Force looked at each of the three main ways of controlling: monitoring, independent audit, and periodic in-depth assessments.

Monitoring and management information: The extent to which programs are monitored for efficiency and effectiveness varies from province to province. In all cases, systems are in place which provide the financial information needed to control the amount of money granted, the amount of outstanding loans, spending in relation to budget, etc. There is, however, comparatively little information that relates to the effect the programs are having, such as the socioeconomic characteristics of aid recipients compared with non-recipients, the characteristics of those whose needs are not being fully met by the programs or the characteristics of those who are assessed for more than they may need (i.e., those who do not negotiate all their loans). The Task Force was, for example, unable to compile comprehensive statistics from existing sources that clearly identified changes over time relating to the characteristics of students with different levels of debt load (i.e., the total debt load resulting from both CSLP and provincial loans).

The lack of comprehensive data for current monitoring has been recognized for some time and much work has been devoted in recent years to developing a consistent computerized data base using data obtained from a 'Needs Assessment Report' now used in all participating provinces to record information relating to each applicant. This exercise has been slow due to problems in obtaining consistent data, but some current data were produced for the Task Force and this has been of great value. Section 4.2 contains examples of the kinds of data produced.

The Task Force concluded that the information system now becoming operational will be most useful in overcoming many of the present control weaknesses. Work on developing this system should continue. It should be integrated with other more financially oriented information bases, and comparable data on the characteristics of students who do not apply for aid should be collected and analyzed continuously. Reports should be prepared regularly providing statistical data on how well the programs are meeting objectives and principles.

Audit and detection of abuse: Student application forms are verified by a combination of pre-audit and post-audit techniques that differ from province to province. A pre-audit involves verification of an application form by cross checks with documentation that is supplied with the application. In Newfoundland, for example, the following documents are required before processing applications for students:

- if a student is not a Canadian citizen but is a permanent resident, a copy of the Immigration Certificate;
- receipts for specified medical and dental expenses;
- for single students, a copy of their parents' income tax returns for the most recent calendar year (students and parents sign a waiver that allows access to tax data);
- for married students, a copy of the marriage certificate and a letter from the spouse's employer showing income and income tax deducted.

Post-audit takes place after aid has been provided. It usually involves verification of both a sample of cases and the audit of especially identified cases where problems appear to exist. Special attention is often given in different years to an audit of specific costs or resources. The amount of aid may be increased or decreased as a result of post-audit. In cases where it is reduced, the student must return the difference.

To take a concrete example, in British Columbia 3,316 applications (16% of total applications) were verified in 1978-79 on a post-audit basis. As a result of this verification, aid was refused or reduced in 604 cases (18% of cases verified) and funds were increased in 286 cases (9% of cases verified). This audit resulted in a reduction in aid of $325,000; the greatest factor was a reduction arising from the calculation of parental income. Some provinces indicate greater changes than B.C. as a result of their post-audit while others have a 100% pre-audit (i.e., no post-audit). While audits have found some errors arising at the processing stage, by far the largest problem is with the accuracy of the data as reported on application forms.

Until the early seventies, student aid operated by and large on the basis of trust, with no significant verification of application forms. Reports of abuse led to the progressive implementation of auditing after 1972 and particularly after 1975 when applications required that a waiver be signed to allow access to income tax data for verification purposes. While consistent data on the effectiveness of this verification process are not available because of the different approaches which provinces have taken to audit, there is no doubt that the effect of the audit, particularly the use of tax records, has significantly improved the accuracy of information reported on application forms and has discouraged unwarranted applications. The decline during the seventies in the percentage of students receiving aid (which was noted in Section 4.3) is likely due in part to the introduction of auditing on a comprehensive basis.

The Task Force noted that, except where all information is pre-audited, there remains considerable under-reporting of resources. Letters to the Task Force from individuals tended to concentrate on possible abuses of the programs. Students also are concerned about possible abuse. In a 1980 student survey at the University of Waterloo, the most popular suggestion for improvements to OSAP, the Ontario aid plan, was "tougher penalties for abusers", with over half the respondents indicating this item. As long as a means test remains, a continued and possibly even stronger emphasis on audit will be needed to prevent abuse, to ensure equitable treatment of students, and to maintain the credibility of the whole program. Verification using tax records remains an essential element of the audit. The Task Force also noted that in developing the criteria for any new aid programs, much attention should be placed on ensuring that all criteria are verifiable.

Aid ceilings are one way of ensuring that too much aid is not given to a student. An annual ceiling is an effective control, but the Task Force also found that it was preventing sufficient aid being provided to students with legitimate needs. One solution would be to raise the aid ceilings. A more satisfactory approach would be to ensure that the standards and ceilings built into the various cost and resource components that make up the means test are carefully set. This would ensure that a student receives only an amount of aid needed to meet necessary educational costs and a modest but adequate standard of living that takes into account regional costs and type of post-secondary program. Also, there should be 100% verification of cases where unusually high needs are reported. The lifetime aid ceiling has had little impact in the past, with very few students reaching the limit. The Task Force felt that, if annual aid ceilings were dropped, the lifetime ceiling should be expressed not in dollars but in terms of the number of years in which aid might be received. The Task Force felt that, while such a lifetime limit could be of limited value, it would do little harm and might be a useful control in a very small number of cases.

Periodic assessment: The Task Force noted that there have been periodic reviews of the component provincial and federal programs, including several public studies that have resulted in recommendations for changes in provincial programs. Section 5.4 mentioned some of these. Generally, the Task Force felt that student aid programs had received a reasonable amount of evaluative attention. The present review by the Task Force is, however, the first major joint assessment of student aid programs at both provincial and federal levels. The Task Force felt it might be useful to consider repeating an exercise on the present scale in about five to 10 years time, depending on the nature of any programs introduced subsequent to this report.

Decision-making structures: Turning from an examination of the particular mechanisms of monitoring, audit and periodic assessment, the Task Force looked at the consistency of existing decision-making structures with control principles. In provincial loan and grant programs, these structures are straightforward and give no cause for concern. However, as pointed out in Section 5.2, the arrangements for administering the CSLP are unusually complex, far more so than for other joint federal and provincial programs. A large number of separate agencies may be involved in decision-making in a particular case and the body that makes the spending decision is only partly accountable for the monies spent.

The case of a student who defaults on a CSL loan is an illustration of the number of players who may be involved in the decision-making process. This individual case may involve decisions by student awards officers, provincial officials, possibly an appeals board, possibly provincial auditors, a commercial lending organization, the CSLP staff in Ottawa, a commercial collection agency and the federal Department of Justice. Because of the need to pass information between the different steps, such a system is open to abuse by borrowers, and to bureaucratic tangles. It is to the goodwill and credit of the great majority of students and officials involved that problems do not appear to have materialized on a large scale. On the other hand, the complexity has undoubtedly been a major factor in the lack of consistent data on the operation of the programs, in the wide variation described in Section 8.16 that exists in the treatment of individual cases in different provinces, and in the slow turnaround times described in Section 8.15, and the relatively low awareness of the roles of government in providing loans, described in Section 8.17.

The Task Force concluded that, despite complex administrative arrangements and a means test that is inherently difficult to control, existing programs appear to be under control, especially with the introduction of more comprehensive audit and verification procedures in recent years and with the current move to develop a consistent data base relating to aid applicants. For the future, the emphasis on both pre-audit and post-audit should continue and the data base should be extended. The single, arbitrary annual ceiling on aid should be replaced by stronger controls on the individual components of the means test. There should be 100% verification of all applications with very high needs. Life-time ceilings should be expressed in terms of the number of years rather than in dollar terms. Consideration should also be given to undertaking full-scale reviews periodically with a mandate similar to that given to the present Task Force.

8.22 Loan Defaults

In addition to the general "control issue", the Task Force also addressed the specific case of loan defaulters since this is a most visible instance where existing programs may experience difficulty with the accountability principle. The Task Force asked:

> Issue F5 - Loan Default: What characteristics of existing programs that involve loan repayments have resulted in low default ratios? What characteristics are likely to minimize defaults in the future?

Since the CSLP was introduced in 1964 until June 30, 1980, the lending institutions have submitted some 79,000 default claims to the federal government for payment under the guarantee provisions of the Act. The value of the accounts was some $156 million. The number of accounts represents some 9% of students who have become liable to repay their loans, the value of those accounts represents 7.1% of the value of loans due for repayment. As of June 30, 1980 most of these accounts have either been repaid in full or are in process of repayment as shown by the following data:

	Number	%	$(million)	%
Repaid in full	23,490	29.7	43.9	28.1
Being repaid	26,283	33.3	60.8	39.0
Payment temporarily deferred due to unemployment, illness, return to school	16,263	20.6	29.7	19.0
In course of being located by collection agencies	8,080	10.2	14.7	9.4
Recent cases in course of transmittal to collection agencies	3,150	4.0	5.8	3.7
Written off	1,779	2.3	1.4	0.9
Total	79,045	100.1	156.3	100.1

The great majority of students under CSL default repay their loans regularly, and experience to date indicates that, once regular payments are started, defaulted loans are generally repaid in full over time. The amount ultimately requiring write-off to date is about 1% of the value of default claims paid.

The average size of a CSLP loan declared in default by a lending institution was $1,755. It might be supposed that there would be a direct link between the number of defaults and the size of the loan. This proved true to a certain degree. The lowest percentage of defaulters (7.1%) was among students who borrowed $1,000 or less and the rate increased as the size of loan increased. However, because overall borrowing has been on a relatively modest scale (since the commencement of the program, nearly 75% of borrowers took on loans totalling $2,000 or less), much the greatest incidence of default has also been associated with comparatively small loans. Two thirds of defaulters had loans of $2,000 or less and some 82% had loans of $4,000 or less.

Total amount of loan	Percentage of borrowers who default	Percentage of defaulters by size of loan	
			Cumulative %
$1,001 - 2,000	7.1	34	34
$2,001 - 3,000	9.8	32	66
$3,001 - 4,000	11.2	16	82
$4,001 - 5,000	13.2	15	96
$5,001 - $6,000	13.3	2	98
$6,001 - $7,000	14.2	1	99
$7,001 - $8,000	15.6	--	99
$8,001 - $9,000	15.9	—	100
$9,001 -$10,000	18.8	--	100
Total	8.6%	100%	100%

Default ratios (the percent of students in default to those liable to repay their loans) for most provincial loans are similar to those for the CSLP. The Québec rate is lower at about 4% but this is primarily due to greater cooperation between the government and the lending institutions in following up on loans before they are counted as being in default.

The percentage of defaulters under both federal and provincial loan programs is higher than for ordinary commercial loans, but is considerably lower than comparable figures in the United States which are believed to run at about 17%.

It is in the interest of the students and of both levels of government that defaults be kept to a minimum. Interest rates may be a factor in declaring more loans to be in default than is necessary. It can be argued that if interest rates were higher, lending institutions would have a greater incentive to avoid defaults by establishing special repayment arrangements. However, experience in the provinces suggests that other factors are more important.

The Task Force concluded that the existing default rates on the CSLP and on provincial loans were not unduly out of line and did not point to any particular weakness or problems with the concept or administration of these programs. At the same time, however, the Task Force felt that every effort should be made to minimize defaults and that lending institutions should, wherever possible, increase their efforts to renegotiate repayment provisions prior to declaring default. Consideration should be given to the Québec approach where closer ties between the lending institution and government result in fewer loans being declared as being in default (although ultimate recoveries are about the same for all loan programs).

8.23 Adaptability and Flexibility

The adaptability principle is that general student assistance programs should be sufficiently flexible to cover special requirements that may exist in different regions and types of post-secondary education. In its review of existing programs, the Task Force asked:

> Issue G2 - Flexibility: What characteristics of existing student assistance programs have provided for special regional and institutional and other special needs in the most satisfactory fashion? What characteristics are likely to increase such flexibility in the future?

Aid programs can meet special needs in the following ways:

- The form in which the aid is provided or repaid (loans, grants, loan remissions, work study) can be varied in different provinces or regions or in different types of institutions.
- The criteria used to determine need can take into account regional and institutional differences in costs and resources.
- Discretion can be used in the administration of particular cases to allow an administrator to adjust the amount or type of aid or to resolve debt load or other problems on a case-by-case basis.
- Discretionary decisions in particular cases can be made, as in the preceding point, but as a result of a formal appeal process initiated by the applicant.
- Cases requiring special attention can be made the subject of special programs particularly directed to the needs of the group in question (e.g. separate programs directed to adult retraining, the handicapped, single parents, etc.)

All these methods of providing adaptability are now used, mainly to good effect.

Adaptability in type of aid: The form aid now takes varies considerably from province to province. As noted in Section 3.2, Canada has 12 separate packages of aid programs. The differences are more pronounced than the similarities. While it was not a major concern, a number of submissions indicated there was too much diversity and that a "national plan" was needed. Past studies have also tended to support greater uniformity in the type of aid provided. The Task Force concluded that providing different mixes of aid in different provinces was perhaps the least valuable of the means of ensuring flexibility. In general, if a particular mix of loans and grants makes sense in Saskatchewan, it also makes sense in New Brunswick, provided that the criteria used to determine the amount of aid incorporates allowances for regional differences in need. The present diversity of approach arose mainly as a result of external factors (chiefly as a consequence of the federal government's decision to carry out its responsibilities in the area of student aid in the form of a large scale loan program that required provincial supplementation) and not as a result of concern regarding adaptability. On the other hand, the Task Force saw no major practical problems resulting from this diversity in types of aid, provided there were means to allow for portability where necessary.

The Task Force felt that a good case could be made for increasing the adaptability of existing programs through the use of a greater number of elements in the aid package. In particular, the Task Force felt that experience in British Columbia and in the United States suggested that aid in the form of paid on-campus work would be a welcome substitute for loans for many students. As indicated in Section 8.10 existing procedures for repaying debts appear to be suitable for the majority of students; however, a minority of students do have problems and a special repayment provision (perhaps involving deferred repayments or partial remission) could be instituted for use by that group only.

Adaptability in the criteria used to calculate financial need is the second area where programs can be adjusted to meet special requirements. While the CSLP plenary group does set overall criteria, these criteria are only guidelines which may be applied in a more stringent manner at the discretion of the individual provinces and, in certain critical cases, there are either no standard criteria (e.g., away from home living allowances are to be set by provinces) or there are only optional criteria (e.g., treatment of summer earnings or the treatment of parental assets). The existence of flexibility in the application of the criteria is most clearly illustrated in Ontario where, in effect, separate means tests are used for grants and for loans. However, the Task Force also found considerable variation in the application of the criteria used in all provinces.

Many of the differences in the way the criteria are applied reflect a range of administrative and other internal concerns as well as an attempt to reflect actual regional differences in student need. The Task Force felt that the latter of these two factors (reflecting actual regional differences) should receive more emphasis in future programs.

Discretion in the administration of particular cases, the third way of allowing flexibility, is not presently widely used. A number of submissions to the Task Force suggested that on-campus awards officers be given the power to adjust awards in special circumstances.

The difficulty with extensive use of discretionary judgement in particular cases is that it can lead to inequities and it is costly to administer. It would be much better if the needed adaptability could be built into the criteria themselves and into formal appeals from decisions arising from those criteria. **The Task Force concluded therefore** that the absence of a procedure for adjusting awards locally should not be considered a major weakness of the present system.

Formal appeal mechanisms, the fourth way of meeting special requirements, was addressed separately in Section 8.18.

Special programs that are administered separately from general needs-based programs are the final way of meeting special requirements. Such programs are widely used at present by both federal and provincial governments. They often have objectives other than financial need and are usually directed at particular audiences, such as Native peoples, the handicapped, etc. The Task Force received few submissions that touched on these programs, most of which are outside its terms of reference. Apart from the discussion in Section 8.26 relating to the need for coordination with such programs, the Task Force simply noted that special programs seemed to be a most useful adjunct to general aid programs and that, for the future, general aid programs should be structured in such a way that they offer no disincentive to the creation of such programs by either level of government.

The Task Force concluded that, in general, existing programs provide a satisfactory amount of flexibility in meeting special needs. For the future, adaptability should be increased by:

- Ensuring that the cost and resource components of the means test reflect only necessary costs in particular regions and types of post-secondary programs rather than by relying on greater administrative discretion in particular cases;
- Including more elements in the aid package, particularly provisions for loan repayment for those with special debt load problems and opportunities for paid on-campus work on a part-time basis during term.

8.24 Portability

The Task Force's terms of reference specifically refer to portability as one of the topics that required examination. The Task Force asked several questions:

Issue G3 - Portability: How much mobility now exists at the post-secondary level and to what extent have the provisions of existing general student assistance programs limited the opportunity of students to study in the province of their choice, without regard to current residence? Should any such limitations be minimized in the future? What characteristics of student aid programs could increase or decrease mobility in the future?

CSLP loans are available for students who study at all eligible post-secondary institutions in the world designated by the provinces. There are, however, often restrictions placed on provincial loans and grants. In most provinces, for example, only CSLP loans, not grants, are available to students studying outside the province if comparable courses are available within the province. These restrictions arose naturally in a system where responsibility for non-repayable aid rests with the province of residence. Without some restrictions on portability, the province of original residence in effect would be providing aid which would not only help fill space in post-secondary institutions in other provinces but would also contribute to the training of highly qualified manpower for other provinces. As enrolments decline in the eighties, the tendency for students to be encouraged to stay within the home province may increase.

There are good sources of data which illustrate the high degree of geographic mobility among post-secondary students and graduates. The 1974-75 post-secondary survey found that although two thirds of all post-secondary students were studying in their home province and were expected to reside there, a large number of students did not fit this "normal" pattern. For example, only 47% of full-time graduate students were studying in their home provinces and intended to stay there after graduation. The next largest group consisted of students who had studied in their home provinces but planned to locate elsewhere after graduation. Over 20% of full-time graduate students and over 25% of undergraduates fell into this category. About one third of graduate students whose permanent residences were in the Atlantic Provinces were studying elsewhere in Canada, whereas less than 10 percent of graduate students with permanent residences in Québec or Ontario were studying outside their home provinces. These two provinces, particularly Ontario, took a large proportion of the out-of-province graduate students.

Of particular interest are net flows, the differences between students entering a province to study at the post-secondary level and those leaving. A 1973 national survey of highly qualified manpower (as analyzed in B. Ahamad et al., Degree-holders in Canada, Ottawa, Department of the Secretary of State, 1979) found that the size of this net flow varied considerably by province. Net flows were largest in Québec (8,000 more of the degree holders sampled moved into than out of Québec) and in Saskatchewan (7,000 net outflow). This net flow represented 6% of first degrees granted in Québec but 75% of those granted in Saskatchewan. There were also net outflows in Newfoundland and Prince Edward Island and Alberta and net inflows in Nova Scotia, New Brunswick, Manitoba and British Columbia. Inflows and outflows were nearly balanced in Ontario.

The highly qualified manpower survey also showed wide provincial variation in the net flows between province of education and province of subsequent employment. In terms of in-Canada flows only, Québec, Nova Scotia, New Brunswick, Manitoba and Saskatchewan had net outflows; however, these were offset to varying extents by net inflows from outside Canada.

Mobility patterns appear quite stable over time. Statistics Canada data indicate that the percentage of university students attending institutions outside their home province has remained around 9 or 10% of the university population since 1961. Since there have been major changes in student aid during this period, this stability suggests that aid programs are not likely to have had much effect on mobility.

The June 1980 survey also found that about 5% of the post-secondary population had studied in more than one province and about 9% had studied either in more than one province or outside the country. Those studying in more than one province were comparatively heavy aid recipients with 67% receiving aid. Like other students, they received both loans and grants. Those studying in more than one province did indicate they had experienced somewhat more problems with student aid than had those studying in only one province. Insufficient aid was the main problem reported, as with other students. Portability per se was not expressed as a major problem, although lack of full portability may be one of the factors resulting in lack of sufficient aid.

In summary, the Task Force noted that, while they comprise only about 10% of the post-secondary student population, those who study in different provinces or abroad constitute a large number of students in absolute terms and are especially significant for smaller provinces.

The Task Force heard views that, in the national interest, aid should be a factor in encouraging students to study in other parts of the country. It also heard the view that aid programs should not use taxpayers' money to fund the extra cost of students who wished to study in other parts of the country or abroad when equivalent education was available locally.

The Task Force concluded that present grant restrictions for study outside home provinces do not appear to have prevented students from studying outside their home province. However, these students may have received a higher proportion of loans and possibly less total aid than would students in comparable circumstances studying in their home provinces.

Available evidence suggests that aid programs do not have much effect on the interprovincial mobility of students and, provided future programs continue to be directed to meeting minimal financial needs, there is likely little that aid programs in themselves could do either to encourage or discourage mobility.

8.25 Student Performance

The final principle is that student aid policies and programs should, to the extent possible, be consistent with a variety of other related policies. Perhaps the most traditional interrelationship with other policies lies in the use of student aid to encourage or reward scholastic performance. As noted in Section 3.1, historically there have been close ties between achievement and need in bursary programs. Aid programs can indirectly support scholastic performance by such means as not counting scholarships in whole or in part as an element of income for means test purposes or by making the receipt of aid contingent on maintaining a satisfactory level of student performance. There should certainly be nothing in general student assistance programs that would be a serious impediment to achieving satisfactory scholastic performance.

> Issue H1 - Student Performance: What characteristics of existing student assistance programs have been consistent with a policy of encouraging satisfactory sutdent performance? What characteristics are likely to encourage satisfactory performance in the future?

The Task Force looked at a number of possible ways in which student assistance programs may have affected scholastic performance, whether measured by high or at least passing grades, or by a high level of persistence (i.e., low dropout rates). Conventional wisdom suggests that student aid might affect performance in four ways:

- The very existence of student aid might increase persistence since it reduces the need to drop out for financial reasons.

- Student aid might be thought to increase scholastic performance by reducing the need for students to over-rely on part-time work, thereby allowing more time for study.

- Certain types of student aid might be used as an added incentive for students to complete their course or year with at least passing marks. For example, it might be argued that providing aid in the form of a loan which is then remitted after a student completes (or passes) a year or course is more likely to encourage performance than is an outright unconditional grant.

- Unless care is exercised in setting out their administrative criteria, student aid programs might have an adverse impact on performance if they cancelled the effect of scholarships or fellowships which are intended to reward and encourage high performance. For example, if a scholarship is simply treated as a resource for purposes of calculating student aid, the financial incentive effect of that scholarship is wiped out for the needy student.

Available evidence, however, does not accord well with these expectations. While the Task Force was unable to find comprehensive empirical data in Canada that directly addressed the effects of financial aid on scholastic performance, current American research on the topic may have some relevance to Canada. A recent U.S. article (A.B. Hood and C.K. Maplethorpe, "Bestow, Lend or Employ: What Difference Does it Make?", New Directions for Institutional Research, No. 25, 1980) summarizes this research on the effect of financing on marks and dropouts. The following findings are relevant:

- Receipt of scholarships or grants does not significantly affect either dropout rates or achievement.

- Receipt of loans may possibly increase dropout rates for men, but, for women, the effect varies depending on the amount of support received from parents and the amount of the loans. The authors of the study found this surprising, since the study controlled for differences in financial need; it might have been expected that men who secured loans would have an easier time getting through college simply because they had additional resources.

- Much U.S. research clearly indicates that many students can tolerate a substantial investment in part-time work without suffering any negative effects in their academic achievement or progress. If the work is accomplished on campus and requires less than 15 hours a week, there may even be beneficial effects.

- There are some suggestions that any particular type of aid was most effective in increasing student persistence when it was not combined with another form (e.g., better to have one of grants, loans or work but not mixes of two or three). However the evidence here is inconclusive.

The less comprehensive Canadian data which the Task Force located (such as the Toronto study on retention referred to in Section 8.4) tended to be consistent with the U.S. findings. **The Task Force therefore concluded that:**

- The direct effect of student aid on academic performance is slight or non-existent. There appear to be no characteristics of existing student aid packages that are likely to significantly increase or decrease performance. There is a possibility, however, that loans may under certain circumstances increase dropouts.
- Similarly, in the future, there should be no expectation that student aid programs can be designed to improve scholastic performance significantly. Some evidence which suggests that the most promising way in which student aid might make the most contribution to performance would be through program characteristics calling for financially needy students to work on campus part-time, but not for more than about 15 hours a week.

8.26 Social Priorities and Training

Student assistance programs should be compatible with other programs that have the objective of developing, through post-secondary training, a population with the skills needed to meet the cultural, social, economic, technological and manpower requirements of Canada and of its regions and provinces. The Task Force asked the questions:

> Issue H2 - Skills Acquisition: What characteristics of existing student assistance programs have been most consistent with policies that encourage students to acquire and utilize specified socially desirable skills? What characteristics are likely to increase this compatibility in the future?

While manpower objectives have not been a major part of general student assistance programs in the past, the potential for further pursuing these objectives does exist. Loan remission programs in particular allow the possibility of applying conditions that support the achievement of wider social objectives. For example, a large portion of a loan could be remitted for graduating students with certain skills who undertake to work in isolated communities for a specified period of time.

A wide range of special aid programs (i.e., not specifically related to financial need) are directed to encouraging students to engage in particular kinds of study or occupations after graduation. Many provinces, for example, offer bursaries to medical or dental students who agree to work in rural or designated areas after graduation. Federal programs exist for students who agree to enter the armed forces, or who take science based programs or who undertake manpower retraining.

The Task Force found only a few examples of such programs that were also based on financial need and hence came under its terms of reference. British Columbia offers a need-based bursary program in designated health care programs. Manitoba has programs involving some means-testing which provide repayable aid to support certain kinds of teacher education; work in rural areas is a substitute for repayment. It could also be argued that manpower retraining programs are related to need, although not in the direct sense of a means-tested program.

International experience, as reported in the OECD study referred to in Section 5.1, found few successful examples of aid programs designed both to provide aid to needy students and to meet wider manpower objectives. The topic was mentioned in passing in only a handful of submissions.

The Task Force concluded that, while a number of elements in student aid programs had the potential to be used to encourage greater participation in courses of study or in certain occupations, existing programs had not been used for that purpose. The Task Force felt that in future, aid programs should not be viewed as powerful vehicles for achieving manpower goals; rather, as indicated in the next section, more coordination with manpower-related programs would be desirable.

8.27 Coordination with Special Programs

> Issue H3 - Special Aid Programs Coordination: To what extent has there been coordination within and among provinces and with the federal government regarding special assistance programs with respect to informing potential applicants of the total range of assistance available and with respect to coordination with general programs? What problems, if any, have occurred because of the absence of such coordination? In what ways can such problems be reduced in the future?

Student assistance programs based on need are only one way in which governments and other bodies provide financial assistance to students and their parents. Other programs are larger and, in their totality, provide more money to students than does student aid based on financial need.

Government financing plays an important role in the most important source of student financing: summer employment. In the summer of 1980, for example, the federal government spent some $120 million and the provinces in total spent another $200 million on summer job creation and placement programs for students (including secondary school students). One of the objectives of summer job creation programs, of course, is to provide resources to allow students to return to school.

Similarly, the tax system contributes significantly to resources from own employment and from parental contributions. The first $500 of scholarship and bursary income are exempt from tax (the federal value in terms of revenues not received was about $6 million in 1979). Students enrolled at designated educational institutions, mainly universities and colleges, are entitled to claim a deduction of $50 for every month of full-time attendance; the unused portion of this deduction may be used by a taxpayer, typically a parent of the student, who claimed a dependent's exemption in respect to the student (the federal value was approximately $42 million in 1979). Students may deduct their tuition fees for part-time courses or full-time enrolment at a college or university in computing their income for tax purposes (the federal value was $41 million in 1979). As well, there is the additional foregone value of provincial taxes. In total, the value of forfeited potential federal and provincial revenue would have been well over $100 million in 1979.

There are also a large number of federal and provincial government programs which provide aid to students in the form of grants, fellowships and scholarships aimed at rewarding excellence or encouraging attendance in certain fields of study, or aimed at special populations. Most of these affect only a small number of students, but some involve significant support. Examples include awards from granting councils (particularly the Natural Sciences and Engineering Research Council), provincial bursaries in health-related fields, manpower training allowances, aid to Native peoples, etc.

The Canada Manpower Training Program of Employment and Immigration Canada provides courses to some 175,000 clients annually. Just over half of these are under 25 years of age. Direct income support for these students amounts to $90 million in training allowances and $172 million in unemployment insurance benefits payable under Section 39 of the Unemployment Insurance Act. Some of these students are also eligible for CSLP loans.

Some students or their spouses may also be in receipt of payments from federal and provincial governments that are not directly related to education, but are nevertheless important resources contributing to their financial needs while at school. These include family allowances, unemployment insurance and welfare payments.

The Task Force found that only minimal coordination existed between federal and provincial programs and among the various federal programs that provide aid to post-secondary students.

Coordination is potentially desirable:

- to avoid direct overlaps among programs;
- to allow tradeoffs to be made among programs within a level of government;
- to ensure that provisions of one program do not interfere with the operation of other programs;
- to provide information to potential applicants on the range of government aid available.

The Task Force did not find evidence of many direct overlaps between programs. For example, a Saskatchewan study in 1975 (Potential Overlap Among General Student Assistance, Canada Manpower Training, Unemployment, and Canada Assistance Plan) found few problems in this area.

Even though there may be little direct overlap, there could nevertheless be tradeoffs to be made among the programs. The submission of the National Union of Students to the Task Force suggested, for example, that the added cost of switching from loans to bursaries could be financed by dropping the income tax deductions relating to post-secondary education. At least to a certain extent, it is also valid to compare budgetary priorities of summer job creation programs, programs that provide on-campus work for students in science programs, and work-study programs that provide on-campus work opportunities for financially needy students.

As well, coordination may well be desirable at the administrative level to avoid inconsistences in the operation of programs. For example, general student aid programs could well dampen the incentive or reward effect of scholarships and other awards to the extent that they count such awards as resources, thereby reducing the amount of financial assistance for which the student would be eligible under general student aid programs. Changes in one program may also affect other programs. For example, an increase in expenditure in summer job creation programs may well result in a drop in the amount of financial aid that should be provided. The administrators of both programs should be aware of these possible external effects before changes are introduced.

It might be useful to have a single document that describes all the types of government aid available to students. Some publications of this type have been produced from time to time with respect to federal government programs. Generally, the Task Force felt they were useful and some consideration should be given to produçing this sort of material on a more regular basis. Consideration might also be given to including both federal and provincial programs in the same publication.

The Task Force concluded that there was little coordination between general aid programs and other programs that provided monies to post-secondary students. This, apparently, has not caused any particular problems to date; the areas of direct overlap among programs are not large. However, each of the governments concerned, and particularly the federal government, where many of the programs are located, should consider greater coordination among these programs with respect to public information, operational planning and priority setting.

8.28 Conclusions: Overall Assessment of Existing Programs

The Task Force's mandate called for it to review the adequacy and appropriateness of existing federal and provincial programs of assistance, including such concerns as accessibility to post-secondary education, the financial needs of students, student debt load and portability and the compatibility of the various forms of financial assistance. The sections in this chapter have attempted to assess existing programs systematically by examining key issues relating to each objective and principle of the programs. The emphasis throughout has been on reviewing past experience to draw lessons for use in future programs. The general finding is that existing programs have met their objectives and have been consistent with their principles. However, improvements could be made in many areas. The Task Force's conclusions have been identified in the conclusion to each section of this chapter. They are also summarized in Chapter 10 which is organized by objective and principle and again in Chapter 12 under the headings used in the Task Force mandate.

9. REVIEW OF FUTURE TRENDS

9.1 Scope of Review of Future Trends

In Chapter 8 past experience was reviewed to see what elements of that experience might be useful in developing future approaches. This chapter looks more directly at the future and examines trends and forecasts which may affect student aid policies and programs in the eighties.

In its review of future trends, the Task Force organized its work in the same way as it examined past experience. That is, it tried to find the answers to a series of specific questions associated with the list of objectives and principles of student aid programs found in Exhibit 9 in Chapter 7.

9.2 Demand for Post-Secondary Education

An understanding of the likely demand for post-secondary education in the eighties must be based on a study of demographic trends and preferences for different kinds of education. The Task Force therefore asked:

> Issue A1 - Demand for Post-Secondary Education: In assessing future student assistance policies and programs, what assumptions should be made about the number of students with different characteristics who will apply for enrolment in different post-secondary fields of study? To what extent are groups other than those traditionally involved in post-secondary education likely to participate in post-secondary education? What are the implications for student aid programs?

The number of students enrolled depends in large part on the size of the population in the traditional post-secondary age grouping of 18 to 24, on the propensity of individuals in that age group and in other age groups to enrol, and on the number of foreign students attending Canadian universities.

In The Class of 2001, Statistics Canada and the Canadian Teachers Federation published a range of population projections for the 18-24 age group, which historically has accounted for over 80% of full-time post-secondary enrolment. According to these projections, the 18-24 year population is expected to reach a peak in every province during the early eighties and then to diminish until the mid-nineties (1992 in Alberta; 1998 in Newfoundland). On average, the estimated drop from the peak to the trough is 21%, varying from a drop of 32% in Quebec to 11% in Alberta.

A decline in the 18-24 year old population cannot be directly translated into declining enrolment as participation decisions depend on a range of non-demographic factors including students' conceptions of the value of higher education for intellectual growth and/or earning power, availability of space in post-secondary programs, and employment prospects after graduation, etc. Enrolment in Canada peaked in 1978-79 well before the projected peak in the 18-24 population group, indicating that a smaller percentage of individuals had decided to attend post-secondary institutions, especially universities.

Despite the existence of these important non-demographic factors affecting enrolment, the Task Force felt that the most reasonable assumption, shared by most studies, was that enrolment would tend to stabilize or fall over the next decade. Post-secondary enrolment projections suggest that full-time equivalent university-level enrolment, excluding foreign students, may peak in 1982-83 and then decline steadily to a trough in 1995-96. Declines could be particularly sharp for men in full-time undergraduate and graduate programs. There could be some increases for women in all university categories and for male part-time undergraduates. Enrolment in university-transfer level community college programs may fall for both sexes.

The change in composition of the post-secondary sector in the sixties and seventies is well known and understood. Changes in composition are continuing and are particularly marked in part-time studies and the enrolment of women. Statistics Canada data (in Education in Canada, 1979 Cat. 81-229) show that in the decade 1968-69 to 1978-79, non-university enrolment almost doubled. Full-time enrolment at the university level rose one and a half times (at both graduate and undergraduate levels). During the same period, the number of part-time students enrolled in undergraduate courses doubled and the number in graduate courses tripled. The proportion of women students rose considerably, particularly in graduate studies and in part-time studies. During the decade, the number of women engaged in part-time undergraduate studies nearly tripled, and at the graduate level, increased more than fourfold. Part-time students are somewhat older than full-time students and the average age of the student population has also risen somewhat along with the increase of part-time students. There has, however, not been any appreciable increase in the average age of full-time students in recent years. During the seventies, about 82% of the full-time university population was 24 years old or younger.

Over the next decade, it seems likely that growth of part-time studies and non-traditional forms of post-secondary education, such as television courses, will continue. The financial needs of part-time students and most 'non-traditional' students are small. Many of these students also have full-time employment or have spouses with full-time employment. The Post-Secondary Student Survey, 1974-75, found that incomes of part-time students were considerably higher than their expenditures. In February 1980, the monthly Labour Force survey showed there were nearly 300,000 part-time students (mainly at the post-secondary level), and of these 76% also had full-time employment and another 8% had part-time employment. For part-time students between the ages of 20 and 24 only, 75% had full-time work and 13% had part-time work.

A group that is growing in size and that has high financial need is self-supporting students. This group includes married students and those who are considered independent of parental support for reasons of length of study or experience in the labour market. In 1971-72, self-supporting students made up 28% of all applicants for aid. In 1974-75, they had grown to 41% and in 1978-79 to 46%. The growth is primarily among single students. In 1971-72, married students represented some 59% of all self-supporting students. In 1978-79, the figure had fallen to 29%.

The Task Force felt that the most appropriate assumption for the next decade would be that the gradual trend towards students becoming financially independent of their parental families will continue. There are many reasons to suggest that this trend, while gradual, is nevertheless deeply rooted:

- There appears to be widespread support for the view that, over the longer term, societies will increasingly think in terms of "adult" or continuing education and move away from the traditional concepts of post-secondary education as a discrete step that only takes place immediately after secondary school and immediately before entering the labour force.
- There has been a general lowering of the age of independence in other spheres - the normal age of majority is now regarded as 18 years.
- The OECD report referred to in Section 5.1 identifies an international trend in student aid towards treating students as independent.
- Criticism of existing dependence criteria was a dominant theme in submissions to the Task Force.

The Task Force concluded that plans for student aid should be based on the assumptions that:

- The overall number of full-time students may well fall over the next decade. The number of part-time students will increase. Because part-time students tend to have below-average financial needs, this suggests that, other things being equal, the average financial need for all post-secondary students may decline.
- The proportion of students in career-oriented education will likely increase. This includes professional and career-oriented courses at universities and community colleges and enrolment in vocational and related courses in other post-secondary institutions. Because the costs of career-oriented programs are often higher than costs in other programs, this suggests that, other things being equal, the average financial need for post-secondary students may rise.

- Single students in the 18-24 age group, often living in their parental home, will continue to be much the largest group of students. There will, however, likely be an increasing proportion of married and other self-supporting students. Because self-supporting students have above-average needs, this suggests, other things being equal, that average financial need will rise.

These enrolment assumptions suggest that the number of applicants for aid will likely remain steady in the next decade even if part-time students are made eligible. Changes in the composition of applicants suggest that, on balance, the average need per applicant may rise somewhat because of the greater proportion of self-supporting and career-oriented students who have above-average needs.

These projections may not hold in all regions and they will be affected by the type of aid programs in force. For example, if the criteria for self-support status are relaxed, applicants will likely increase in number.

9.3 Changes in the Cost of Post-Secondary Education

Issue A2 - Allowable Educational Costs: What assumptions should be made about the amount of money that will be required to participate in post-secondary education in the next decade?

Student aid programs would be strongly affected by any major changes in the cost of food and accommodation and fees. Data found in the statistical compendium prepared in conjunction with this report show that during the sixties and seventies, fees in most universities about doubled between 1963-64 and 1980-81, that is, at a slower rate than the general cost of living. Residence costs have risen at a rate nearer to the overall rise in the cost of living. The Task Force felt that the safest assumption on lodging and food costs is that they will rise roughly in proportion to increases in the overall cost of living.

The Task Force concluded that over the next decade it should simply assume that average student costs will continue at about present levels (in constant dollars). Changes in tuition fee charges could, however, upset this assumption.

9.4 Trends in Student Earnings

In addition to looking at family contributions, the Task Force examined trends in the resources that students could provide themselves:

Issue A3 - Student Employment Issue: What assumptions should be made about the size, during the eighties, of the financial contribution that could come from a student's own employment while attending courses or during the summers?

The main source of money for most students is their own employment, principally during the summer, but also part-time work. The 1974-75 post-secondary survey indicated that earnings were the largest source of income for students in all types of post-secondary programs. The June 1980 survey found that there appears to be a movement towards greater participation in the labour force as a means of financing post-secondary education.

Percentage of students with at least some labour market activity

	Summer work earning at least $300	Part-time work
Completed before 1970	80	44
Completed in 1971-75	85	52
Completed in 1976-80	87	53

This table indicates that some 87% of those who completed their post-secondary education in the last five years had a summer job at least once during their post-secondary career. The survey also shows that a large majority held summer jobs for more than one summer. In July 1980, the monthly Labour Force Survey found that of all individuals aged 20-24 who had attended school full-time in the preceding March and who planned to return in the fall, some 78% were employed, 4% were unemployed (i.e., looking for work) and 17.5% were out of the labour force (i.e., not looking for work). Among male students aged 20-24, 79% had employment while 77% of women in this age group had employment.

Turning to employment during the school year, special tables from the February 1980 Labour Force Survey showed that among full-time students over the age of 20 (largely the post-secondary population), some 28% had employment. This was mainly part-time employment, but 7% of full-time students reported holding a full-time job.

	Full-time students, February, 1980	
	Number	%
Number of full-time students	434,000	100
Employed	123,000	28
Employed full-time	29,000	7
Employed part-time	94,000	22
Unemployed	7,000	2
Not in labour force	304,000	70

The comprehensive survey of students in Ontario (Anisef et. al.) referred to in Section 5.4 found that summer earnings were the most important source of financing for students from all socioeconomic groups. Summer earnings were more important for urban than for rural students and for men as opposed to women.

Surveys conducted among students at the University of Victoria in 1978 and the University of British Columbia in 1979 indicated that about 25% of students were able to save enough from their summer employment to cover all their post-secondary expenditures for the following year. Men earned considerably more than women. The UBC study showed that, excluding first year and graduate students, the 1979 median earnings were $3,269 and $2,352 for men and women students respectively.

These patterns of summer earnings hold true for recipients of student aid as well as non-recipients. In 1978-79, 83% of all aid recipients were assessed a contribution for summer earnings that averaged $891. For male applicants the average was $948 and for female applicants $829. Only 6% of aid applicants were assessed an amount for part-time earnings for an average of $746. This does not suggest that only 6% of aid recipients had part-time work; it means only that 6% had part-time earnings in excess of an expense allowance associated with part-time work which is built into the means test. The June 1980 survey showed that about a third of both aid recipients and non-recipients had some part-time work.

Because of the importance of student employment, changes in the demand and supply of summer work and part-time work would have major consequences for student aid. Three factors may affect the extent of employment over the next decade:

- general labour market conditions;
- government programs related to job creation for students;
- institutional changes in post-secondary systems, particularly those that change the students' availability for summer work.

The Task Force felt it could only assume that general labour market conditions would not improve greatly for students, at least in the early part of the decade. Students now have lower summer unemployment rates than do many other groups, partly because of government-sponsored job creation programs. This could mean that when general labour market conditions do improve, student employment would not increase as much as employment in other groups.

Government programs can affect student employment either through general summer job creation programs such as those that now operate at both levels of government or by more direct programs to create specific jobs for students. The Task Force noted that there may be a trend towards providing more paid work for students, particularly related to the students' field of study. Programs that involve alternate periods of on-campus study with related off-campus paid work arranged by the post-secondary institution are one example of this. Another example is funding provided by the Natural Sciences and Engineering Research Council to create on-campus paid work (related to their studies) for science students. In the United States, there is a trend towards work-study programs where on-campus employers (and occasionally off-campus employers) are given money so that they can hire financially needy students for paid on-campus work as a partial substitute for loans and grants. As indicated in Chapter 8, there is not much coordination at present between the different types of government programs that affect post-secondary student financing and consideration needs to be given to developing new mechanisms of coordination.

Perhaps the largest potential change in patterns of student employment would result from changes originating inside the post-secondary system. The example of programs that alternate periods of study with periods of paid work mentioned in the preceding paragraph is an example. If such programs became more popular, the demand for student aid would drop since students in these programs usually earn enough money to pay for their educational costs. Likely more important are possible changes in the traditional summer vacation patterns.

The trimester system now operates in a number of post-secondary institutions and there has been a growth in summer programs in other post-secondary institutions. If the trend towards year-round post-secondary education continues, the impact on student aid could be significant. At present, students attending year-round are eligible for aid in all semesters and are not expected to step out for periods to earn money as are students in more traditional courses with a long summer vacation. Other things being equal, students in these courses would be eligible for more aid than other students. This presents questions of equity as well as having budgetary implications. The criteria used in aid programs also have potential for influencing how students make use of the trimester system. The present approach would seem to provide an incentive for a student to study year-round and, say, complete a traditional four-year program in three years. However, if the criteria used in aid programs were changed to require a student's contribution from own employment even in institutions with a trimester system, then this would be an incentive for periodic stepouts of a semester or two. The Task Force could find no evidence indicating what the actual effects of student aid are on such stepouts. There is presently no policy statement suggesting whether or not student aid programs ought to be encouraging students to study through the whole year.

The trend towards year-round studies appears to have levelled off at least temporarily and the considerations in the preceding paragraph are perhaps of less concern now than they were several years ago. The Task Force felt that present criteria should be left unchanged for now and that data should be gathered on students who are in institutions with trimester or summer programs. The relationships, if any, that exist between student aid and labour force activity of students in these programs could then be studied prior to a policy review in several years' time.

The Task Force concluded that it is reasonable to assume that over the next decade most students will continue to earn enough through summer and part-time work to cover a large proportion of their costs. Student summer unemployment is a problem although post-secondary students have generally been reasonably successful in finding summer work even during generally poor labour market conditions. A continuing problem is that women students, on average, earn less during the summer than do men students. A major factor in reasonably high levels of summer work has been the large summer job creation programs of both levels of government. The Task Force felt that consideration should be given to developing mechanisms to ensure coordination in the planning of government aid programs and student job-creation programs. The Task Force felt that a renewal of interest in trimester systems and other approaches to year-round education might have a major effect on student aid and that the criteria used in aid programs could affect the way students use these programs. A review of this topic is needed once appropriate data are collected.

9.5 Size of the Student Aid Budget

Central to the Task Force's deliberations was an examination of the amount of public money that would likely be available for student aid programs:

> Issue F3 - Budget Size: What assumptions should be made about the total size of the budget that will be available for government student aid programs in the eighties?

The Task Force's mandate called for it to take into account "provincial and federal fiscal and financial realities".

The Task Force's June 1980 survey of public opinion reinforced the importance of observing financial restraint in student aid programs. Opinion strongly favoured placing financial responsibility on students and their parents and providing government aid only when needed. There was a clear preference for aid to be in a form that requires at least partial repayment. There was little public support for all-grant programs as a single alternative.

Most submissions to the Task Force recognized this atmosphere of restraint, favouring incremental change aimed at correcting weaknesses in existing policies. Those that did propose expensive programs either proposed compensating reductions in other programs or provided figures showing how, in their view, high initial costs would be reduced in the future.

The Task Force concluded that no alternatives should be seriously considered that involved major new expenditures over and above the cost of keeping up with inflation or with changes in the size of the post-secondary population unless there could be a clear demonstration of the added benefits of such a program, or unless compensating reductions in other programs were also proposed.

9.6 Special Needs

The adaptability principle is that student assistance programs should be sufficiently flexible to cover special requirements that may exist in different regions and in different types of post-secondary education. The Task Force asked:

> Issue G1 - Special Needs: What will be the main types of regional and institutional special needs in the eighties that require assistance programs to have flexible administrative criteria or that require decentralized administration?

There is a danger that over-reliance on special aid programs may result in inconsistencies, inequities, administrative fragmentation, loss of portability, and lower levels of public awareness of the existence of programs. On the other hand, a general program cannot possibly anticipate all the special circumstances that could arise where aid is needed. Most special needs can be met by a means test that accurately reflects differences in the cost of attending post-secondary institutions in different regions and different types of post-secondary education. Given such a means test, the Task Force identified four other areas where flexibility in meeting special requirements may be needed in the eighties:

- to support certain kinds of post-secondary education that are of importance to a particular province but that do not meet the general eligibility criteria, e.g., enrolment in very short courses;
- to allow and encourage small-scale innovation with respect to new approaches to student aid that are not presently envisaged and would not be covered by existing criteria;
- to allow the provinces and the federal government to link needs-based programs with other kinds of aid to students provided by the government in question, for example programs designed to encourage attendance in particular fields of study or in particular institutions;

- given program alternatives that involve loans where repayment is not contingent on income, special repayment programs may be needed which are geared to local conditions (i.e., persistently high unemployment rates for certain types of graduates).

The Task Force noted that these were the same areas that had already been addressed in its assessment of existing programs in Chapter 8. **It therefore concluded that**, over the next decade, adaptability would be best achieved if student aid programs were to incorporate special provisions for handling cases of high debt load (if loans continue to be part of aid packages), if work study programs were to be introduced on an experimental basis in different parts of the country, if mechanisms of coordination were to be developed between student aid programs and more selective manpower-oriented programs that also supply aid to students and, of course, if the means test were to be strengthened to reflect even more closely regional and institutional differences in costs and resources.

9.7 Conclusions: Assumptions About Future Trends

The Task Force's conclusions on future trends are indicated at the end of each section of this chapter. They are summarized, where appropriate, in the discussion of objectives and principles in Chapter 10 and again in Chapter 12.

PART IV - OBJECTIVES AND PRINCIPLES FOR THE FUTURE AND ALTERNATIVES

10. OBJECTIVES AND PRINCIPLES FOR THE FUTURE

The Task Force's mandate calls for it to:

> review existing federal and provincial principles and objectives concerning such public financial assistance (i.e.,financial assistance to Canadian students at the post-secondary level of education) with a view to determining those principles and objectives which should underlie the provision of such assistance.

The Task Force's review consisted of an examination of key issues related to the objectives and principles of student assistance programs. Chapter 8 dealt with those issues that centred on a review of the performance of existing programs. Chapter 9 dealt with those issues that were basically forward looking, involving an assessment of the environment in which student assistance programs should operate in the future. This chapter summarizes the Task Force findings for each objective and principle.

The Task Force's most general finding has been that the objectives and principles set out in Chapter 7 are as equally applicable to future student aid programs as they are to existing programs. This results in part from the general way in which the objectives and principles were articulated. However, submissions to the Task Force, public opinion and recent student aid literature all tend to confirm the validity of the objectives and principles described in Chapter 7.

10.1 Student Well-Being Objective

The direct objective of existing student aid programs is:

> to allow all qualified, financially needy students to engage in post-secondary education without undue financial hardship.

The Task Force felt that this objective should continue as the direct objective of any future needs-based aid program. A case can be made that aid programs should be considered to have a single "accessibility" objective. However accessibility is an objective that can and is addressed by a range of policies and programs in addition to student aid. The Task Force therefore felt it was desirable to distinguish clearly the one objective that student aid programs are uniquely designed to achieve.

In its reviews of past programs, **the Task Force concluded that** they have generally been successful in meeting this objective but that a number of problems exist:

- Because of aid ceilings, a number of students are receiving less aid than they should, as indicated by the means test.

- Because of the use of standards and norms in the calculation of need (particularly maintenance allowances and parental financial contribution), a minority of students may receive somewhat more aid than they actually need, and a minority may receive less aid than they actually need. While the use of standards is necessary and desirable, they can be refined to reduce some of the existing problems.
- Some standards do not fully reflect regional differences in costs.

Most of the submissions to the Task Force concentrated on issues related to the student well-being objective. These included recommendations regarding extension of aid to part-time students, reports that aid was not sufficient to meet need, and reports that standards relating to costs and resources were not always adequate.

The surveys of the views of the public and of students indicated a strong and widespread feeling that it is indeed the proper role of government to assist in the payment of students' costs, when such financial support was needed. Present and former post-secondary students also expressed the view (only this group was asked the question) that aid programs should be extended to part-time students. Present and former recipients of aid indicated that the major problem they had encountered with the program was inadequate aid.

International experience suggests that aid programs in most countries include student well-being among their objectives and that government aid is increasingly focused on financial need.

To ensure that appropriate aid is available to students with above-average needs and to ensure greater control, **the Task Force concluded that** all the alternative plans it developed should drop the present use of an arbitrary annual ceiling on aid in favour of firm limits and standards on each of the cost and resource components of the means test. That is, the allowances and limits built into the components of the means test should, to an even greater extent than at present, reflect only necessary educational costs and a standard of living that is modest but adequate in light of costs in the area where the student lives and the type of post-secondary program in which the student is enrolled. As well, the Task Force concluded that all the alternative plans should extend aid to financially-needy part-time students.

The Task Force felt that, during the next decade, the incorporation of these provisions would imply a program that, other things being equal, would:

- reach about the same number of students as at present. That is, the increased demand that would follow from an extension to part-time students would not be large because of the relatively low average financial needs of this group, and might be partly offset by possible decline in the participation of full-time post-secondary students;

- provide aid recipients with aid that, on average, is likely to be somewhat higher (in constant dollars) than at present. This increase is likely to result not from any anticipated cost increases (in constant dollars) within a post-secondary program but rather because there is likely to be a higher proportion of students that have above-average needs, particularly self-supporting students and those in more career-oriented programs.

A number of factors might upset these assumptions:

- A major increase in tuition fees or other direct costs would be directly reflected in increased need.
- Other changes to student aid programs such as dropping the requirements for parental financial contributions or allowing for significantly more generous standards of living could increase the number of eligible applicants and hence the overall cost of the program.
- A change in labour market conditions that affected summer employment (including major changes in government summer job creation programs) could have a significant effect on student resources and basic need.
- A large shift to the trimester system or other forms of year-round schooling could reduce opportunities for summer work and hence increase the demand for aid.

10.2 Equal Opportunity Objective

The objective of promoting greater equality of access to post-secondary education by removing social and economic barriers is often seen as the major or even the only objective of student aid programs. The Task Force found from its review of past studies of student aid in Canada, from its own surveys, and from submissions to the Task Force that there was evidence that students from lower income families were underrepresented in post-secondary institutions. Many feel that student aid programs are important vehicles in minimizing barriers to post-secondary education. The Task Force endorsed this view and felt that the equal opportunity objective, namely:

> to improve equal opportunities of access to post-secondary education by reducing geographic, socioeconomic and other constraints on participation,

was and should continue to be one of the objectives of student aid programs.

In its review of existing programs in light of this objective, the Task Force found that existing programs, being based on financial need, had indeed been successful in providing needed financial aid to lower income students, students from rural areas, etc. However, it concluded that the evidence did not indicate that the programs had been a major factor in increasing overall participation rates in these groups. Considerable research in Canada and other countries indicated that factors other than those directly related to financing are most important in explaining post-secondary participation rates. A series of social and economic factors tend to direct children towards or away from post-secondary education well before the actual decision to participate is taken. **The Task Force therefore concluded that** the best way that future aid programs could further the equal opportunity objective was to establish information programs which ensure that the existence of aid programs is widely known among lower income families and other under-represented groups, especially among the parents of primary and secondary students and among secondary students themselves. This conclusion was supported by the Task Force's survey questions on public awareness and was referred to in a number of submissions to the Task Force from key interest groups. All alternative plans which the Task Force developed therefore include a provision for greater public information dissemination.

There has been some suggestion that the form of aid might have a role in attracting students from lower income families into post-secondary education. The argument is usually that the prospect of a high debt load is a deterrent to participation among students from lower income families and that, therefore, aid should be mainly in the form of grants, at least in the first year or two of post-secondary education. The evidence available to the Task Force suggested, however, that such an effect would likely be small. Nevertheless, the Task Force did develop two alternative plans with this consideration in mind.

10.3 Participation Objective

The Task Force found in its review of the history of student aid programs that a key objective in the original creation of the CSLP and some provincial programs had been the encouragement of higher overall participation in post-secondary education of all Canadians and not only of lower income and other under-represented groups. The objective is

> to encourage participation in post-secondary education of all Canadians who have the potential to benefit from such participation, regardless of financial capacity.

In practice, the participation and equal opportunity objectives are closely linked; overall participation is, of course, increased by programs that increase participation from lower socioeconomic groups. However, the Task Force kept the two objectives separate because they are quite distinct in principle. Submissions to the Task Force made little mention of the participation objective and, in its review of existing programs, the Task Force could find no evidence to suggest that aid programs had made a major difference in increasing overall participation rates. Nor, for reasons given in Section 10.2 concerning the modest role of direct financial consideration in most participation decisions, are student aid programs likely to be powerful tools in increasing participation in the future. The Task Force therefore considered dropping this as a separately identified objective of future aid programs. It did not do so because participation levels are again becoming a matter of high priority public concern as a result of projected shrinking enrolments. However, the Task Force did not identify any separate implications for future programs arising from this objective. Provision of aid to meet full financial need, and making the public fully aware of the existence of the programs, is probably the most that the programs could accomplish to increase participation in the eighties.

10.4 Other Possible Objectives

It is possible to consider other objectives for needs-based programs. Section 8.26 reviewed a number of other policies which student aid programs should support. Some of these could be treated as separate, if minor, objectives of student aid programs themselves. Historically, for example, student aid has long been directly tied to the goal of rewarding and encouraging high scholastic performance. The program instruments used were bursaries that were awarded on the basis of both need and academic standing. There have also been suggestions from time to time that student aid should be linked more closely to the encouragement of participation in particular courses or occupations.

Although it is seldom explicit as a separate objective, much of the discussion surrounding the potential inequities and difficulties in handling debt load seems to imply that the programs should have equity objectives that go well beyond equal opportunity to engage in post-secondary education.

The Task Force concluded, however, that need-based aid programs could do little in practice to further these other objectives in any major way. The most that should be expected is that they support, or at least do not conflict with, other programs that are properly addressed to these objectives. This conclusion is supported by most past studies of student aid and by international experience. Submissions to the Task Force did not call for additional objectives.

10.5 Principles

Principles, as defined by the Task Force, describe the general rules and major factors in the external environment that must be taken into account in the design and implementation of student assistance policies and programs.

The principles were structured in a general fashion. The first principle deals with the student aid environment - who should pay what? The second deals with the sensitivity and fairness with which the programs are administered. The third deals with the good internal management of the programs. The fourth principle deals with the balance between flexibility and consistency. The final principle deals with the relationship between student aid and other social programs and policies.

Because the principles are cast in such a general form, there is no question as to whether or not they should apply to student aid programs in the future or whether there are any other principles that might apply. All the points raised in submissions to the Task Force relating to principles could be readily addressed under one or more of the five principles given. The real question relates to the practical implications of the principles on future program options.

10.6 Shared Responsibilities Principle

The principle is that:

> Student assistance programs should be designed and administered in a way that places a fair distribution of costs, benefits and responsibilities on students, on society as a whole as represented by governments and on other sources of funding. Student assistance programs should supplement, not replace, the resources that students receive from their own earnings and from other sources, including a financial contribution from parents or spouses in cases where there are ties of financial support between students and their parents or spouses.

Support for a principle along these lines was explicit or implicit in most submissions to the Task Force and, according to the June 1980 survey, had widespread popular support. It is also a principle that underlies student aid programs in most other countries.

The assessment of existing programs identified the issue of parental support as the one most in need of attention. Submissions from student organizations argued against the requirement for mandatory parental support on the grounds of the hardship caused by the requirement in cases where parents did not provide the needed contribution and also because post-secondary students, being adults, ought to be considered self-supporting.

On the other hand, there are three closely related factors for continuing to include a requirement for a family contribution in a means test:

- Strong financial ties between parents and their children often continue during the period the children attend post-secondary education (i.e., provision of room and board and direct financial aid), and there is wide support for the principle that such financial assistance is appropriate and should be expected. For those who hold this view, it is important that this expectation be a requirement of the programs in order to ensure equity.

- The requirement for a parental contribution concentrates government aid on students from low income families; if it were removed, more students from middle and upper income families would receive government aid. Middle and upper income families are proportionately overrepresented in the educational system and post-secondary education tends to contribute to higher income for students after graduation. It can be argued that student aid should not be changed in a way that would provide even more government funds to middle and upper income groups; the inheritance of high socioeconomic status should not be further supported by public funds. People who view student aid programs in this way argue that aid should continue to be focused on low income groups at least until such time as the proportion of lower socioeconomic groups in post-secondary education is substantially increased.

- Other things being equal, dropping the requirement for parental contribution would increase the cost of government aid programs. It has been argued that, among the many competing demands on government funds, a change that would increase government monies given to students from middle and upper income families would have relatively low priority.

In its review of trends, the Task Force noted that the proportion of self-supporting students was increasing rapidly and would likely continue to increase over the next decade. Generally, there appears to be a gradual long-term trend towards self-supporting status. Nevertheless, for some time to come a normal pattern for a large number of students, particularly younger post-secondary students, will be receipt of parental aid in the form of room and board and some direct financial support. The Task Force noted that efforts during the seventies to modify the criteria used to determine self-supporting status have resulted in a major increase in the proportion of students classed as self-supporting. The percent rose from 28% in 1971-72 to 46% in 1978-79, a rate of increase that is likely considerably greater than might have been expected given the fairly gradual way in which such basic social phenomena usually change. This, in part, may reflect a catch-up from overly stringent criteria used in the sixties. It may also suggest that some of those students who are now classed as 'self-supporting' are in fact still part of the parental economic family and would receive parental financial assistance if government aid were not given. To the extent that this is the case, it means that some government aid, which is primarily intended for students from families with below average incomes, is being directed to students from middle and upper income families.

The problem of parental contributions is complex, not only because it raises fundamental questions of who should contribute to the financing of a student's post-secondary education, but also because of difficulties in developing criteria for parental contributions that can apply equitably in such doubly transitional circumstances (i.e., the typical ages of post-secondary education are the ages when many transitions from dependent status to self-supporting status are made and also there are changes over time in the ages at which post-secondary students become, or wish to become, self-supporting). In light of the fundamental nature of this problem, the Task Force decided not to present a single recommendation, but rather to present three possible solutions for further consideration. One solution is to drop the requirement for a parental contribution but to count such a contribution as a resource if it is given. A second approach is to continue the present 'social proxies' approach to independence but to allow an appeal when this approach results in legitimate problems. The third approach is to replace the concept of an "independent" student with the concept of a "self-supporting" student and to develop criteria that are based on the existence of actual ties of financial support, not social proxies.

Two of the alternative plans developed by the Task Force would involve no requirement for a parental contribution; the other three plans have the social proxy test and the self-support test as options.

In those alternatives that require a parental contribution, the Task Force called for a single parental contribution only, regardless of the number of students from the family who are attending post-secondary institutions.

The Task Force looked also at the possibility that government aid might be a disincentive to non-government funding but could find no such evidence.

The Task Force examined several related problems surrounding loans: difficulty of handling debt load, and the appropriateness of collection procedures and interest rates. There is no evidence that debt load problems are widespread. However, in a minority of cases debt load does impose hardship. All program alternatives presented by the Task Force therefore involve either the development of special procedures to handle debt load problems or to eliminate the debt load problem through an all-grant program or an income contingent repayment program. In those alternative plans that involve a guaranteed loan, existing practices on interest rates and collection procedures should be continued with only minor changes, such as improvements in awareness of the roles of governments in providing guaranteed loans, and greater efforts to minimize the number of defaults.

10.7 Fairness, Responsiveness and Privacy Principle

The principle is that:

> Student assistance programs should be equitably and openly administered and information about the programs should be widely available. These programs should be administered in a way that minimizes the paperwork imposed on recipients and other non-governmental participants in the program, that allows easy access to the administrative process, and that protects the privacy and confidentiality of recipients and other participants.

The major problem of consistency is that the existing criteria used to determine need are applied differently from province to province even though in concept all are attempting to achieve approximately the same end. In all the alternative plans developed, the Task Force assumed the criteria would be such as to reflect the necessary educational and other costs in a region. The criteria can, therefore, with minor exceptions only, be applied in the same way in all provinces.

The Task Force found that most post-secondary students were aware of the aid programs and concluded that existing approaches to informing this audience were largely satisfactory and should continue. As for the other issues, the Task Force found that much had been done to minimize problems arising from the inherent complexity and intrusiveness of a means-tested program.

The particular methods to be used in improving programs in accord with this principle depend to a considerable extent on the type of student aid program that is finally adopted and on the way in which administrative responsibilities are shared among the levels of government. **The Task Force therefore concluded that** in all alternatives, and regardless of administrative responsibilities, consideration should be given to:

- preparing guidelines for use in reviews and appeals in order to increase consistency in rulings;
- drafting a common model to guide the determination of the mandate and source of membership of appeal boards;
- drafting administrative criteria in a more precise form;
- dropping questions, where these exist, on application forms when the answers are not directly used in the calculation of need;
- providing an opportunity for representatives of all parties involved (students, awards officers, government officials, lending institutions, post-secondary institutions) to have input to a regular review of the criteria and processes used to administer the program;

- establishing standards for matters touching on responsiveness and monitoring adherence to those standards (including turn-around times for application and enquiries).

10.8 Management Principle

The principle is that:

> Student assistance programs should be administered efficiently and effectively and must recognize the fiscal and financial realities of the day. They should be administered in such a way as to foster accountability and prevent abuse or mismanagement by governments, students and other parties concerned.

In its review of existing programs, the Task Force identified a number of areas where the management of these programs could be strengthened. The Task Force noted progress in developing a consistent data base that could produce current information needed to monitor the operation of programs in light of objectives and principles. The present audit function is central to the control of programs. Priority should continue to be placed on both pre-audit and post-audit verifications.

In terms of obtaining most value for the taxpayers' money, the Task Force noted that, other things being equal, the same need could be met at less expense by using loans rather than grants. If loan remissions are provided according to the same criteria as grants, these remissions would be more costly because of added interest payments and because of overhead associated with an extra contact with the aid recipient. However, remission plans can be based on different criteria and might, in some circumstances, be less expensive than grants. For example, remissions might be given only to those who successfully complete their post-secondary program.

Existing decision-making structures relating to the administration of the CSLP are unusually complex. While this does not appear to have resulted in major problems, there can be little doubt that reducing the number of players involved in decision-making in individual cases, particularly those involving loan defaults, would result in improved efficiency and responsiveness. Existing provincial programs appear satisfactory in this respect.

Abuse of aid programs in the form of students over-reporting costs or under-reporting resources appears to have fallen in recent years but continued attention is needed. One approach to greater control of abuse would be a two-phase approach where relatively simple procedures with appropriately simple controls could apply to students applying for a basic loan; a more controlled process would apply to those seeking aid beyond a minimal amount, particularly aid in the form of grants.

Abuse of programs in the form of loan defaults does not appear to be a serious problem at present. Although ultimate recovery rates against defaulters are about the same in different loan programs, consideration should nevertheless be given, in an endeavour to reduce default rates, to wider use of the Québec approach where there are closer ties between the lending institution and the government.

The Task Force recognized that existing financial and fiscal realities were such that it should not present alternatives for future programs that involved major increases in cost except where such increases are needed to keep up with inflation or the growth in size of student population, or where there is a clear demonstration of added benefits, or where compensatory reductions in other programs are proposed.

The Task Force concluded that, with respect to the effect of the management principle on the development of alternative plans for future programs:

- most of the alternative plans would include a loan component and non-repayable aid should be mainly in the form of grants, although the possibility of remissions should be left open for further discussion. All alternatives involving loans assume a closer relationship between governments and lending institutions with respect to potential loan defaults;
- one alternative would involve a two-stage aid process that would allow controls to be concentrated on those receiving larger amounts of aid, particularly in the form of grants;
- all alternatives would emphasize the audit function and place high priority on the continued development of a consistent base of data related to applicants and non-applicants;
- all alternatives would involve a 100% verification of applications with unusually high needs should annual aid ceilings be removed. Lifetime ceilings would be expressed in terms of the number of years in which aid could be received and not in dollar terms;
- an in-depth program review along present lines should be repeated periodically.

10.9 Adaptability and Compatibility Principle

The principle is that:

While the objectives and principles of student aid programs in all provinces must be essentially the same and allow for the mobility of students to study in other provinces, the programs should nevertheless be sufficiently adaptable to allow for special requirements that may exist in different regions and types of post-secondary education.

In its review of existing programs, the Task Force concluded that present efforts to increase adaptability by establishing criteria that reflect regional and institutional differences in costs and resources were well founded and should continue. Use of criteria that operate simply and routinely is inherently more satisfactory than is reliance on administrative discretion in particular cases. A balance between the two is needed. The Task Force felt that most attention in the next few years should be placed on developing criteria that more closely reflect regional differences in costs and resources; particular cases not handled satisfactorily by these criteria should be dealt with by a somewhat strengthened appeal process and by new procedures where there are serious problems in repaying loans.

The Task Force also felt that the inclusion of more elements in the aid package would add flexibility. In particular, in its review of likely trends over the next decade, the Task Force saw a need for the addition, on an experimental basis, of work-study programs which would eventually be integrated with other forms of aid to needy students.

The Task Force found that existing programs were portable with respect to CSLP loans but that some restrictions were often placed on provincial grants to students studying outside the province. The lack of full portability does not, however, appear to have had any major effect in reducing mobility. Large-scale interprovincial mobility of students and graduates appears to be a continuing feature of post-secondary education in Canada and one that is not much affected by provisions in student aid programs.

A few submissions to the Task Force argued that student aid programs should be used to encourage mobility, that is to increase the number of students studying in other provinces or abroad. The Task Force felt, however, that special programs were more appropriate for these purposes. The issue of encouraging or discouraging attendance at local, often smaller, post-secondary institutions as opposed to larger, more distant institutions involves considerations of government post-secondary policy and finance that go well beyond student aid. These broader issues are particularly important in light of projected overall declines in enrolment. The Task Force felt that, in light of these wider concerns, there should be no separate initiative in the area of student aid either to encourage more mobility or to discourage existing mobility. That is, student aid should be neutral with respect to mobility. Students who decide to study in other provinces or abroad should not be denied the opportunity to do so because of lack of finance. On the other hand, the provisions of aid programs should not, in themselves, be factors in encouraging mobility when equivalent education is available locally.

On alternatives for future programs, **the Task Force therefore concluded that:**

- All alternatives would recognize the principle of portability for study in different provinces or different countries but not in such a way that receipt of aid itself would be a factor in encouraging students to study away from home or out of Canada if equivalent education were available locally or in Canada.

- All alternatives would provide flexibility through emphasis on means test criteria that would reflect geographic and institutional differences in costs and through a somewhat strengthened appeals process; those alternatives involving loans would include flexible procedures for handling the minority of cases where there might be repayment difficulties and consideration would be given to a financial counselling service for those with high debt.

10.10 Consistency with Other Policies Principle

The principle is that:

Student assistance programs should, where possible and where consistent with their own objectives and within budgetary allocations, be compatible with other social, economic and educational policies, including those directed to developing a highly qualified population, to reducing regional disparities, to encouraging scholastic performance and to promoting general social well-being and equity.

In its review of existing programs, the Task Force found that existing programs had likely had little effect on student performance as measured either by grades or by premature dropouts. Nor could the Task Force see any reasonable way in which future programs could be expected to increase significantly scholastic performance. While loans increase accessibility, they may result in a slight increase in the number of dropouts; work-study arrangements, on the other hand, seem to increase academic performance somewhat.

The Task Force did see the need for greater links between student assistance programs and other government programs providing aid to students which are based not on financial need but on social and manpower priorities. While aid programs could themselves be used directly to promote manpower and other goals, **the Task Force felt that** the preferable course of action would be greater coordination with other programs rather than an attempt to add new manpower objectives to student aid programs. There would be a fundamental objection to using needs-based programs as a significant vehicle to further manpower and other social objectives. Needs-based programs ultimately exist in order to increase accessibility, i.e., to remove barriers to post-secondary education and to increase educational choices, particularly for those in low income groups. Programs with manpower objectives ultimately involve channelling or narrowing choices by providing incentives to encourage people to make particular educational choices they otherwise might not make. Both objectives are valid, but it would be difficult to reconcile such fundamentally conflicting approaches in the same program. In particular, there would be a serious question of social equity in a program that singled out a special group of students (mainly those from families with below average income) and attempted to influence critical educational and career choices of this group only. On the other hand, the Task Force was equally convinced that needs-based programs must be compatible with special programs; all the alternatives it developed call for the development of mechanisms to coordinate needs-based programs with other programs that assist post-secondary students.

11. FIVE ALTERNATIVE PLANS FOR FUTURE AID PROGRAMS

The Task Force's mandate called for it to develop alternatives for the continuation, modification or replacement of existing programs. Five alternative plans have been developed:

- Continuation Plan
- Loan-First Plan
- Aid Mix Related to Year of Study Plan
- Income Contingent Repayment Plan
- All-Grant Plan

Recognizing that the five alternatives have more similarities than differences, the Continuation Plan can be considered as the Task Force's response to the requirement in its terms of reference to develop an alternative for the "continuation" of existing programs. The next two plans can be referred to as "modifications" to the existing programs. The final two plans involve the most change from existing approaches and might be considered as "replacements" for existing programs.

It is the Task Force's view that all five alternative plans presented meet the objectives and principles of aid programs as set out in the preceding chapters. They all attempt to address the problems with existing programs that were identified in Chapter 8 and all attempt to be consistent with those changes that may affect aid programs in the next decade that were identified in Chapter 9. There are differences among the alternatives, of course, in the balance they present in meeting objectives and in maintaining consistency with principles. These are identified in the description of each alternative, along with more major differences in costs and administrative implications.

Several of the alternative plans presented could be funded at different levels depending on the ways in which different types of aid are combined. In these cases, a range of possible mixes of aid and associated costs is presented. The description of each plan briefly indicates the implications of that alternative with respect to federal and provincial roles and responsibilities for administration and financing. In general, the five plans are compatible with any division of administrative and financial responsibilities between the two levels of government ranging from complete responsibility for either level of government to various sharing arrangements.

The Task Force considered other alternatives that are not presented here. For example, a plan was assessed that would provide a grant first and then a loan, but was rejected because it would be more expensive than the Loan-First Plan without offering the advantages of an All-Grant Plan or the plan that provides all or most aid in the form of grants to students in their early post-secondary years. Another plan that was ultimately rejected involved scaling the mix of loans and grants to the amount of need; the greater the need, the higher would be the proportion of grant. However, on further assessment it was found that the loan-first plan could be structured to accomplish the same end with less complexity. The Task Force also briefly examined less traditional proposals that have surfaced from time to time, such as providing aid in the form of tax credits, issuing vouchers or credit cards which could be used for specified educational purposes, dropping the means test, or reducing tuition fees and other costs for needy students. However, such schemes were rejected either because they were not within the Task Force's terms of reference or because they appeared to offer no significant advantages over the simpler loan and grant programs now in existence.

The Task Force also considered a number of features that do not appear in any alternative plans. These include loans directed to parents rather than to students and the use of guaranteed loans at commercial rates (without an interest subsidy) for limited use by those in need of aid but who would not be eligible for grants or interest-subsidized loans. The latter option was of particular interest. A loan program without the cost to government of interest subsidies could be used as a substitute for the required parental contribution by those students who wished to be (or had to be) financially independent of their parents but were classed as non-self-supporting by the criteria used in the means test. The Task Force decided not to include this as an option because it doubted that it would be used widely enough to justify its creation. Moreover, if needed, most students can already obtain commercial loans of this sort using a parental or other guarantee.

11.1 Features Common to All Plans

All five alternatives, with exceptions as noted in the description of each alternative, share common objectives, principles, and criteria for use in determining need and eligibility.

Objectives and principles. The objective which all alternatives are designed to achieve is:

- to allow all qualified, financially-needy students to engage in post-secondary education without undue financial hardship.

Other objectives are:

- to improve equal opportunity of access to post-secondary education by reducing geographic, socioeconomic and other constraints on participation;
- to encourage participation in post-secondary education of all Canadians who have the potential to benefit from such participation, regardless of financial capacity.

All five alternatives are designed to be consistent with the following principles:

- Student assistance programs should be designed and administered in a way that places a fair distribution of costs, benefits and responsibilities on students, on society as a whole as represented by governments, and on other sources of funding. In particular, student assistance programs should supplement, not replace, the resources students receive from their own earnings and from other sources, including a financial contribution from parents or spouses in cases where there are ties of financial support between students and their parents or spouses.
- Student assistance programs should be equitably and openly administered and information about the programs should be widely available. These programs should be administered in a way that minimizes the paperwork imposed on recipients and other non-government participants in the program, that allows easy access to the administrative process, and that protects the privacy and confidentiality of recipients and other participants.
- Student assistance programs should be administered efficiently and effectively and must recognize the fiscal and financial realities of the day. They should be administered in such a way as to foster accountability and prevent abuse or mismanagement by governments, students and other parties concerned.
- While the objectives and principles of student aid programs in all provinces must be essentially the same and allow for the mobility of students to study in other provinces, the programs should nevertheless be sufficiently adaptable to allow for special requirements that may exist in different regions and types of post-secondary education.

Student assistance programs should, where possible and where consistent with their own objectives and within budgetary allocations, be compatible with other social, economic and educational policies, including those directed to developing a highly qualified population, to reducing regional disparities, to encouraging scholastic performance and to promoting general well-being and equity.

Criteria used to determine need and eligibility: All alternatives except where noted in the description of the alternative plan, share the following criteria:

- Means test: A means test would continue to be used to determine the amount of aid to which a student would be eligible. However, in order to ensure greater control and to ensure that appropriate aid is available to students with above-average needs, the present use of an arbitrary ceiling on aid would be dropped in favour of firm, annually revised and carefully monitored standards and limits in each of the cost and resource components that comprise the means test. That is, the means test would, to an even greater extent than at present, reflect only necessary educational costs and a standard of living that would be modest but adequate in light of costs in the area where the student lived and the type of post-secondary program in which the student was enrolled.

- Part-time studies: Students engaged in part-time studies (that is, those taking under 60% of a full course load) would be eligible to apply for assistance subject to the means test and could receive in assistance up to the cost of tuition, books, local transportation, a miscellaneous allowance and, where applicable, child care resulting from the part-time attendance, but not including maintenance and related costs.

- Eligibility: Students would be eligible to apply for assistance for a maximum of 10 periods of study (e.g. 10 academic years in the case of traditional, full-time university programs) after the time when aid was first granted. A period of study would be a minimum of 10 weeks of study.

- Self-supporting status: For means-test purposes, two optional approaches to determining when a student is independent or self-supporting (i.e. no parental contribution is required) are given to allow further discussion of this important issue:

  - Social proxy test which uses years of study, periods of time in the labour force and marital status as proxies for independent status. However, an appeal would be allowed for those who do not fit these social norms but who could demonstrate that financial ties from parents have been broken;

  - Self-support test where self-supporting status could be obtained by demonstrating that, in the year to which the application refers or in the preceding year, the student was not claimed as a dependent on the parents' income tax return, had not lived at home for more than six weeks and had not received support from parents for an amount equivalent to average tuition costs or greater. Also students who have no parents or guardians, or who are married, would be considered to be self-supporting.

- Resources: Existing approaches to determining parental and student resources would continue, although with greater emphasis on ensuring that the standards and limits built into the resource criteria adequately reflect the financial situation of students and parents in different regions. Liquid and fixed assets may be treated as a resource including, where applicable, the income from such liquid and fixed assets. Where an actual income from liquid or fixed assets is not known, a notional income may be determined and counted as resources. A single parental contribution only would be required, regardless of the number of students in the family who are attending post-secondary institutions.

- Portability: The principle of portability for study in different provinces or different countries would be established but would be applied in such a way that receipt of aid in itself would not be a factor in encouraging students to study away from home or out of Canada if equivalent education was available locally or in Canada.

Other common features: The criteria used in all alternative plans would continue to be developed by a working group composed mainly of officials representing the governments directly involved. This group would also continue to provide coordination, general guidance and review. There would, however, be provisions such that representatives of students and awards officers could make suitable input to this ongoing decision-making process.

In those plans involving a guaranteed loan, new provisions (separate from collection procedures) would be added to the program to provide special means of repaying loans where there was a legitimate repayment difficulty, particularly for those who for various reasons (labour market conditions, medical problems or being handicapped) were unable to obtain employment. These special provisions might involve such features as remission, or special service in lieu of repayment. For the majority of students, interest-subsidized loans would be provided on terms similar to those that now apply.

High priority would be given to an information program directed at increasing awareness of student aid programs in lower income families, among secondary school students and among the parents of primary and secondary students.

The continuing working group, consisting of officials of the governments concerned and with appropriate input from other interested parties, would be asked to give careful consideration to points considered by the Task Force but not included in the criteria above. This includes consideration of:

- strengthening the administrative data base on which student aid decisions are based: in particular, the base of data on applicants should continue to be developed and integrated with other operational and financial data; the base should be extended to include characteristics of non-applicants as well as applicants;
- collecting data regularly on the characteristics of students who might receive too much and too little aid in order to assist in ensuring that the standards used in the means test remain reasonable over time;
- producing regular statistical reports showing progress in meeting objectives and principles;
- preparing guidelines which would ensure greater consistency in review and appeal decisions and in the composition and mandate of appeal boards;
- collecting data and undertaking a review of the appropriate role of student aid with respect to year-round post-secondary education (e.g., the trimester system);
- drafting administrative criteria in a more precise form than at present;
- continuing and possibly strengthening the present emphasis on audit, including both pre-audit and post-audit verifications and including establishing 100% verification procedures for applications reporting unusually high need;
- dropping financial questions on application forms, where these exist, when these are not used in calculating need;
- developing a closer communication between governments and lending institutions to encourage renegotiation of repayment terms rather than allowing loans to go into default;
- providing full information to student borrowers and the public on the cost of loans to the student and to the government (e.g. interest subsidies and other costs);

- providing financial management counselling for students with high debt loads;
- conducting comprehensive program evaluations of student aid on a periodic basis;
- providing special procedures to ensure that a parent's refusal to provide financial assistance does not result in a student being unable to participate for financial reasons;
- developing means of ensuring an appropriate level of awareness, both to aid recipients and to the public, of the roles of the governments involved in administering and financing student aid programs;
- reviewing periodically the continuing adequacy in all regions of the standards used to determine a modest but adequate standard of living;
- assessing the desirability of extending aid to adults who are not presently eligible because their studies are deemed to be at the secondary as opposed to the post-secondary level.

Both levels of government should consider developing mechanisms for coordinating the planning and, to a lesser extent, the operation of all government programs that provide aid to post-secondary students and their parents, including programs based on financial need, on encouraging students to follow certain courses or professions, or providing income tax assistance and summer work opportunities.

Administrative considerations: Many of the concerns identified by the Task Force can be addressed only in the context of the development of a particular program, i.e., after a decision has been made on an alternative plan and after federal and provincial roles for administration and financing have been determined. This is obviously the case in such matters as appropriate public awareness of the roles and responsibilities of the government concerned. It is also true, however, with action on such matters as efficiency, control over possible abuse and responsiveness to students on such matters as turn-around time and minimum paperwork. The Task Force developed a two-stage model for the ongoing administration to illustrate ways in which some of these concerns might be implemented. In this example, the administration of the Loan-First Plan is considered for simplicity of exposition; similar approaches could be developed for other plans.

A two-stage administration could be designed to simplify procedures for the majority of students and to improve controls. It would be roughly similar in concept to the "two track" approach recently recommended in a recent report to the Maritime Provinces Higher Education Commission (Student Aid for the Eighties: Report of the Study of Financial Aid to Maritime Students, Fredericton, the Commission, March 1980).

The first stage would be a simplified application that would result in a loan for an amount not to exceed the costs of tuition, books and a modest away-from-home living allowance. Summer earnings would be taken into account as at present and there could be a simplified test to calculate family contributions. The simplified means test would be structured to provide no more aid than would be provided under the full means test used in the other alternatives. Applications would typically be made in the spring or summer; loan certificates could be sent back to students quickly, in about a week. In the fall, a student who required more aid would submit a second stage application providing all the data required by the full means test. Additional aid could be in the form of grants, remissions on first stage loans (for those with greatest need), loans with subsidized interest, work-study (eventually), or some mix of these forms of aid.

For many of the applicants whose need would be less than the average cost of fees, books, etc., the application process would be considerably simpler and faster. For other needy students, the two-stage process would immediately provide money to start the school year and would allow the subsequent application to be made later in the school year when savings from summer earnings were known more precisely, and when there would be a better appreciation of actual need. The two stages would allow flexibility and controls to be concentrated on the more problematic second stage cases.

The higher overhead costs involved in processing two applications would likely be more than offset by savings resulting from the fact that a number of students who would otherwise have received aid might not find it necessary to apply in the second stage. That is, the number of students who would receive more aid than they actually needed (because the standards in the means test would be higher than needed in their particular circumstances) would likely be reduced since not all of these would apply at the second stage.

The two stage approach is not a recommendation of the Task Force; it is only an example of how one of the plans might be implemented in keeping with the principles identified by the Task Force. Other approaches might prove even more satisfactory.

11.2 Continuation Plan

The Continuation Plan is so-called because it most resembles existing programs. It would allow students in different provinces to receive different mixes of aid as at present. Its principal difference from existing plans would be that the criteria used to determine eligibility and financial need would, with possibly minor exceptions, be applied in the same way in each province.

Type of aid provided: In this alternative, the formula used to determine the type of aid provided would be allowed to vary among provinces and territories. The three existing forms of aid - guaranteed loans with interest subsidy, guaranteed loans with interest subsidy and remission, and grants - would continue to be elements of aid which could be chosen for use in constructing provincial packages. As well, a new work-study element would be added. The work-study element is conceived originally as a small-scale experimental program, similar to that now in effect in British Columbia, that provides paid on-campus work, preferably related to the students' studies, to financially needy students as a substitute for other forms of assistance, particularly for loans. After a period of evaluation with small-scale work-study programs in a number of provinces, they might be considered for wider application.

Common features: All the common features described in Section 11.1 would apply.

Advantages: Compared with existing programs, the advantages of the Continuation Plan (as with the four other alternative plans) would arise from adoption of the common features described in Section 11.1, e.g., the extension of aid to part-time students, meeting the legitimate needs of those who receive too little aid because of existing aid ceilings, the establishment of special provisions for those with loan repayment difficulties, the greater consistency across provinces in calculating need, etc. Compared to the other alternative plans, the particular strength of the Continuation Plan would be the flexibility it would offer in meeting particular requirements that may arise within a province (although most of these special needs would be met in any event because the criteria take into account regional and institutional differences in costs). The flexibility allowed in the type of aid should be an incentive for innovation in program design. Compared to other alternatives that have the same mix of aid in all provinces, it would allow aid programs in a province to be more closely coordinated with other provincial social programs that provide aid to students (although many of these other programs are, in fact, federal and not provincial).

Disadvantages: Compared with existing programs, the Continuation Plan would have no obvious disadvantages. Compared with the other alternative plans, its main disadvantage would be that it would not meet the expressed wishes of many groups making submissions to the Task Force who, explicitly or implicitly, supported the concept of a single national plan. From the perspective of those that view student aid in national terms, an alternative that allows a different mix of aid in different provinces appears to be inequitable, since the criteria used to determine need already account for regional differences in costs. For example, students at a large university with identical financial needs may receive differing amounts of repayable and non-repayable aid, depending on their home province. This lack of consistency across the provinces is not a major problem, of course, for those who see student aid in the overall context of provincial responsibilities for post-secondary education.

Federal-provincial implications: While in theory this alternative is compatible with any arrangements for sharing of administrative or financial responsibilities between the federal and provincial governments, in practice it would make sense only if the provinces played a major role in administering the programs.

Cost implications: The changes in the criteria for eligibility and for determining need would not result in much change in cost except for the provision of full aid. Aid ceilings have prevented aid from keeping up with inflation for several years and a catch-up adjustment is needed. The extension of aid to part-time students is unlikely to have major cost implications since the financial needs of this group are low. Although further study is needed, a comparison of American and Canadian experience indicates that the option using the self-supporting test is likely to be less costly than the option using the social proxy test. The incorporation of elements dealing with work-study, with special debt repayment features and with public information would not likely add significantly to total cost.

The cost of the program would depend primarily on the mix of aid provided in the different provinces. Assuming that the same mix were provided as at present, the Task Force estimates that in 1981-82, the alternatives would cost $400 million in total, about the same as the present system if all assessed needs were met. It would therefore cost about 14% more than the existing program, assuming that aid ceilings in the present program were left unchanged. However, this percentage would vary from province to province depending on the mix of aid that now exists in each province.

11.3 The Loan-First Plan

In the Loan-First Plan, not only are the criteria for determining need the same across the country, but so is the mix of aid. A student with the same level of need would receive the same mix of loans and grants regardless of province.

Type of aid provided: Eligible students would receive an amount of aid that was dependent only on the level of need (i.e., aid would not vary by province of residence or by year of study). The first amount of need would be provided as a loan. Remaining need up to a specified level would be in the form of a grant and any residual would be 50% loan and 50% grant. This is a variation of the model that now applies in most provinces. Small-scale work-study elements would be included in the same manner as in the Continuation Plan. An option would be annual loan remissions as a partial or, possibly, a complete substitute for grants. While the Task Force noted the greater control that could be provided in those loan remission schemes that incorporated conditions (such as successful completion of a course or a program) for the receipt of the remission, it also noted the additional costs in the form of the overhead needed to process the extra contact with the recipient, and the need to pay extra interest subsidies. The Task Force did not wish to remove the remission option from further discussion or to exclude future consideration of partly substituting loans with remission for grants.

Common features: All common features described in Section 11.1 apply.

Advantages: Compared with existing programs, the Loan-First Plan would have the same advantages as the Continuation Plan, plus the advantage of consistency among the provinces in the type of aid provided. Compared with the other alternative' plans, the advantages of the Loan-First Plan would be: the flexibility it would allow in providing a greater proportion of grant money to those with greatest need, low cost, good control and familiarity. Loan-first schemes, depending on how the various limits are set, tend to provide aid in the form of loans to students with low need and a higher proportion of grants to those with higher need. This means that students from lower income families would tend to automatically get more grant monies under these schemes than students from higher income families. This alternative would be less costly to the government because a loan would be provided first and students with low needs would not receive the more costly grants. Resulting programs would be easier to control; because a loan would be provided before a grant was given, there would be less incentive for frivolous or inflated applications. Familiarity would be a lesser advantage; because existing programs in most provinces are loan-first plans, this alternative could be implemented more quickly and with less difficulty than could some of the other plans.

Disadvantages: The provision of loans before grants might make the whole package somewhat less attractive to potential students and their parents, and the program might therefore be slightly less effective in encouraging participation of students from below-average income families than would a program that placed more emphasis on grants. Compared with plans that do not include a guaranteed loan, the Loan-First Plan would have the disadvantage of creating student debt load, although not usually a high debt load.

Federal-provincial implications: This alternative would be consistent with any arrangements for sharing of financing and administration among the two levels of government. The program could be entirely administered and financed by provinces, or by the federal government or there could be various forms of joint implementation.

Cost implications: The cost of this alternative would depend on the particular dividing lines chosen for receipt of loans and grants. Projections based on existing data indicate that total need would likely be about $670 million in 1981-82. The following table indicates the cost to all levels of governments of meeting this need of $670 million, given a Loan-First Plan with different cut-off points for loans and grants. For comparison purposes, these costs are compared to those for the Continuation Plan (i.e., the same approximate cost as existing programs but meeting all legitimate assessed need) and to the estimated cost of existing programs assuming 1979-80 aid ceilings were to remain in force.

Estimated total costs to all governments of a Loan-First Plan, 1981-82

Option	$ million	As % of cost of Continuation Plan	As % of cost of existing mix: aid ceilings remain
First $2,500 loan, next $1,500 grant, then 50/50	350	88	100
First $2,000 loan, next $1,500 grant, then 50/50	390	98	111
First $ 500 loan, next $1,000 grant, then 50/50	485	121	139
First $1,000 loan, next $2,500 grant, then 50/50	505	126	144
First $1,000 loan, next $3,000 grant, then 50/50	515	129	147

The Task Force has no recommendation about the optimum cost option. A final decision would depend on total funding available and on the federal-provincial arrangements that would be developed on program responsibilities for loans and grants, as well as on concern for the levels of debt load that would result from the various options. Since the alternative is similar to present practices in provinces like Saskatchewan and the Maritime provinces which provide loans first (up to $1,000 and $1,400 of need respectively), debt load problems from most of the options above might be expected to be roughly similar to those that now exist in those provinces.

11.4 Aid Mix Related to Year of Study Plan

This alternative is the same as the Loan-First Plan except that more grant money would be provided to students in their early post-secondary years and more loan money would be provided in later years.

Type of aid and common features: All common features described in Section 11.1 apply. The same types of aid would be provided as in the Loan-First Plan, except that a different approach would be used to combine loans and grants.

Advantages: Basically the same as the Loan-First Plan except that providing grants at an earlier stage might make the entire package more attractive to secondary students and their parents, and might result in some increase in the representation in post-secondary education of students from lower income families. The effect, in practice, however would not likely be large. Also by concentrating loans near the end of post-secondary education, it seems more likely that larger debt loads could be concentrated among those who could more easily repay (i.e., those in professional and graduate courses who could expect above average earnings after graduation). However, the debt load problem in practice would not likely be large under any of the five alternatives. The plan has obvious advantages for those in shorter courses since more of their total aid would be in the form of grants.

Disadvantages: The program would likely be somewhat harder to control than one that provided loans first. A partial solution might be to vary the mix of grants and loans in accordance with the length of study but always to require at least a small initial loan. Compared with plans that do not include a guaranteed loan, this plan would have the disadvantage of creating student debt load, although not usually a high debt load. Finally, the fact that the program might encourage some students to take shorter courses (in order to avoid debt load) might be considered a disadvantage, although the actual effect of aid programs on choice of programs could be expected to be small (e.g., it might influence the choice of some students considering a commerce course at a university or a shorter business course at a community college).

Federal-provincial implications: Same as in Loan-First Alternative.

Cost implications: As with the Loans-First Plan, the cost of this alternative would depend on the particular mix of loans and grants chosen. The actual mix would be chosen taking into account the availability of funds, the administrative responsibilities for loans and grants and the effect on student debt load. Following are illustrative options:

Option 1: Students in first year receive 100% grant.
Students in second year receive 25% loan and 75% grant.
Students in third year receive 50% loan and 50% grant.
Students in fourth year receive 75% loan and 25% grant.
Students in fifth and higher years receive 100% loan.

Option 2: Students in first year receive 10% loan and 90% grant.
Students in second year receive 25% loan and 75% grant.
Students in third year receive 50% loan and 50% grant.
Students in fourth year receive 75% loan and 25% grant.
Students in fifth and higher years receive 100% loan.

Option 3: All students receive first $500 of need as a loan and, for remaining need:

Students in first year receive 100% grant.
Students in second year receive 25% loan and 75% grant.
Students in third year receive 50% loan and 50% grant.
Students in fourth year receive 75% loan and 25% grant.
Students in fifth and higher years receive all loans.

Option 4: Students in their first eight semesters who meet a strict means test receive all grants. The difference between need calculated by this strict test and the full need calculated according to the criteria in Section 11.1 would be a loan. Students beyond eight semesters would receive a loan only. (This is basically the system that now operates in Ontario, and Ontario data are used in the costing.)

Option 5: A loans-first approach but with the maxima on the amount of the initial loan being lower for beginning students. This is the system now used in Québec and the Québec approach (where college applicants receive a loan to $810, students whose first degree is not complete receive a loan to $1,140 and others receive a loan to $1,625), is used in costing this option.

Estimated total cost to all governments, 1981-82

	$	As a % of Continuation Plan	As a % of cost of existing mix: aid ceilings remain
Option 1	570,000,000	142	163
Option 2	550,000,000	137	157
Option 3	515,000,000	129	147
Option 4	435,000,000	109	124
Option 5	555,000,000	139	159

11.5 Income Contingent Repayment Plan

All (or most) aid in this plan would be provided on a potentially repayable basis. Repayment would be linked to income after graduation. The size of payments and/or the length of repayment would be determined by income. Alternatively, an income tax surcharge could be placed on graduates who received aid. Although some variations are possible, this plan would call for the government to provide the original sources of money and for recovery to be linked to the personal income tax system.

A plan with an income-contingent repayment feature was presented to the Task Force by the Association of Universities and Colleges of Canada (AUCC). However, a number of different variations would be possible and, if this alternative were chosen, a further period of development would be needed to determine the particular variation that would make the most sense in the Canadian setting. In the past, such schemes have often been proposed in conjunction with suggestions for increasing tuition fees without reducing accessibility.

Common features: Basically the same features as described in Section 11.1, except that the requirement in the means test for a parental contribution could be dropped. Responsibility for paying the costs of a post-secondary education under this alternative would rest with the student, not the parent. A series of problems would exist relating to those who did not join the labour force after graduation (e.g., those who raise a family) which would require the development of new criteria.

Advantages: This plan would have the important advantage of placing responsibility for repayment on those who benefit most from post-secondary education in financial terms. It would resolve the complex problems relating to debt load and to parental contributions.

Disadvantages: A number of alternatives along this line have been proposed in the United States and have encountered severe opposition on a number of grounds including: equity problems (a post-secondary education is by no means the only factor that leads to a high paying job); concern that a move to an all-loan program would discourage participation of low-income groups; a feeling that it is not reasonable to ask 18- and 19-year-olds to undertake large debt loads; and concern about the impact of the changes that are often recommended along with such a scheme (particularly higher tuition fees). Some of the same concerns might apply in Canada. As well, some of the conditions that lie behind this kind of proposal in the United States (i.e., tuition fees that are already very high at some private universities with correspondingly high debt loads) do not exist to the same extent in this country. A practical disadvantage would be that the alternative would seem to require the use of the income tax system for collection purposes. It would take much longer to develop and implement this alternative than any of the other four.

Federal-provincial implications: An income contingent repayment plan, because of the link to the income tax system, probably implies administration by the federal government. Variations on the program, however, could be introduced that would allow a provincial role in supporting grants or loan remissions.

Cost implications: The cost of an income contingent scheme would vary considerably according to the features of the program. There are three types of cost: initial funding, on-going operations, and transitional expenses. Initial funding could be by appropriations or by means such as selling bonds, with very different budgetary implications for government. It might also be possible to use commercial lending institutions in some way. Initial costs could theoretically be quite modest but, in most suggested approaches, would run to many millions of additional dollars. The Task Force did not work out any detailed budgets, but figures on currently outstanding student aid loans at lending institutions (over one billion dollars) give a rough indication of the initial amount of money that would have to be raised. Ongoing costs after the system stabilized would depend on the features of the recovery program, particularly the means of covering the costs of those who would not fully repay because of low income after graduation. Some versions of this alternative call for those with higher incomes to repay considerably more than they borrowed and it is possible to develop plans that would eventually be completely self-financing. Most plans would, however, involve continuing cost to government, but at a level below the cost of existing programs of guaranteed loans and grants. The length of the transition between the start of the program and its eventual stabilization would depend on several factors including the way in which the initial funds were raised, the method of handling students already in the system, current interest rates, and the formula used for recovery. Generally, the transition period might last from 10 to 20 years, with highest costs in the earlier years when aid was being provided but before graduates began to repay.

11.6 All-Grant Plan

This is, roughly, the converse of the preceding alternative, being a program that would provide aid only in the form of grants. An option within the plan would eliminate the requirement for a parental financial contribution. This option is similar to recommendations presented by the National Union of Students.

Common features: The provisions in Section 11.1 relating to loan repayment would, of course, not be relevant. Also, as an optional feature of the plan, all post-secondary students would be treated as self-supporting and, accordingly, a parental contribution would not be mandatory although, if provided, it would be counted as a resource in the means test.

Advantages: The particular strength of this plan is that it completely resolves the issue of debt load and, in the optional feature which eliminates the requirement for a parental contribution, would resolve the complex problems of self-support and parental contribution. It is likely the most attractive of the alternatives to potential students at the secondary level and their parents and might therefore do most to increase the participation of students from lower income families (it might also have the opposite effect of attracting more students from middle income groups whose decision on whether or not to attend might be even more affected by direct financial factors). Using the optional feature, the plan would allow more students who wished to be self-supporting to achieve independence from parents at an earlier age. It would also result in a simpler, less intrusive means test.

Disadvantages: The main disadvantage would be the high cost of the program. Providing all aid in the form of grants would also run counter to public opinion. Because of the proportional over-representation of students from middle and upper income families in the post-secondary system, and because students tend to gain financially from post-secondary education, the optional plan that drops the requirement for a parental contribution would almost certainly have the net effect of transferring more government money to middle and upper income groups, thus increasing rather than reducing existing socioeconomic inequalities.

Federal-provincial implications: An all-grant scheme would likely have to be administered entirely by the provinces or entirely by the federal government. However, joint funding arrangements would be possible.

Cost implications: The estimated cost in 1981-82 of an all-grant program would be $690 million, or about 175% of the cost of the Continuation Plan in 1981-82.

The option that involves dropping the requirement for a parental contribution is more difficult to cost. At one extreme, it could be assumed that parents would continue to contribute at about present levels and, accordingly, the same number of students would be eligible for aid as at present. Under this assumption, the plan would cost the $690 million referred to above. At the other extreme, the Task Force costed an all-grants program assuming that 50% of students would be eligible (as opposed to the 31% assumption built into the estimated 1981-82 costs of existing programs) and arbitrarily assuming that parents would continue to contribute but would provide 25% less support than at present. The 1981-82 cost under these assumptions would be about $1 billion or 2 1/2 times larger than the estimated cost of the Continuation Plan in 1981-82. This is an upper limit since the average costs and needs of the additional students would be lower than those of present applicants.

The Task Force concluded that 1981-82 costs of the plan without a requirement for a parental contribution would be between $700 million and $1 billion or about double the estimated 1981-82 costs of the Continuation Plan.

The National Union of Students, which proposed an alternative similar to this one, suggested that the extra cost of an all-grant program be at least partly offset by dropping existing income tax deductions relating to post-secondary education. As noted in Section 8.27, the value of these deductions to both levels of government was well over $100 million in 1979. The Task Force felt that this was a useful proposal that should be considered seriously in assessing this alternative. The suggestion may also be relevant to the financing of other alternative plans; for example, in plans that involve loans and grants, savings from dropping or reducing tax deductions could finance options that involved a higher proportion of grants as opposed to loans.

12. MAIN FINDINGS

This chapter summarizes the findings of the Task Force. It follows the order of the chapters of this report, beginning with Chapter 3.

12.1 Description of Aid Programs and Views About These Programs

The main themes in the history of student aid in Canada have been:

- provincial responsibility for administering aid regardless of source of funding and consequent diversity in provincial programs;
- a growth in the federal role in financing and coordinating aid, but with Québec opting out of joint arrangements;
- a growth in the size of aid programs which has somewhat imperfectly followed the overall growth of the post-secondary sector;
- a gradual shift to basing aid on need alone rather than on merit.
- the development of reliance on guaranteed loans. The CSLP, which now makes guaranteed loans a major feature of aid in most provinces, was preceded by direct loan plans which operated in Ontario, Québec and Alberta.

Existing programs: From the perspective of the post-secondary student, there are 12 quite different student assistance packages in Canada, one for each province and territory. In all provinces except Québec, those packages include a mix of aid provided from the federal government's Canada Student Loans Program (CSLP) and from provincial government loan, grant and/or bursary programs. Students cannot apply directly to the federal government for a CSLP loan; all programs are administered entirely by the provincial and territorial governments. Québec administers its own program which is similar to the other eleven.

While each of the 12 student aid packages is independently administered by the province or territory concerned, basic administrative criteria agreed to by the provinces and the federal government promote coordination. However, provinces may choose to use more stringent criteria in practice. A body known as the CSLP Plenary Group, composed of provincial, territorial, and federal officials, meets annually to formulate recommendations regarding such terms as "need", "full-time student", or "post-secondary institution". The Plenary Group also recommends residence requirements, rules for assessment, verification procedures and guidelines in a number of other areas which are necessary to ensure reasonably equitable treatment of applications under the national program. These criteria are reviewed annually in light of experience and of changes in educational patterns. After approval by governments the criteria are used for processing applications in the year concerned. Although Québec does not participate in the CSLP, it is represented in the Plenary Group;

while it is not bound by the criteria, it has adopted certain elements of the CSLP criteria, such as residency rules, and provides a similar assessment procedure.

The federal and provincial governments together spent $279,777,000 on aid to financially needy post-secondary students in 1979-80. This represented about 5% of total spending on post-secondary education by all levels of government. About 70% of all expenditure was in the form of direct, non-repayable aid to students, either as grants or loan remissions. Some 24% of expenditure was directed to meeting the cost of loan programs, whether in the form of interest subsidies or the cost of loan guarantees. The remaining 6-7% was the cost of special aid programs and general internal overhead.

There have been marked changes over time in the federal and provincial shares in the cost of aid programs. In 1965-66, the year following the introduction of the CSLP, provincial grant programs were still relatively small and the total federal share of the expenditures was 50%. With the growth of provincial programs, the federal share fell to 31% in 1970-71. In more recent years, the shares of the two governments have been more stable; in 1979-80 the federal share averaged 26%, with considerable fluctuation from province to province.

Calculation of need: The needs assessment procedure used in calculating aid involves calculating the allowable costs confronting a student and subtracting the resources available to arrive at the student's financial need. In 1978-79, 137,000 students, or about 35% of the total full-time post-secondary population, applied for aid. These students were calculated to have an average need of $2,367:

	- average costs	$3,813
(less)	- average resources	$1,446
(equal)	- average need	$2,367

On average, this need was met as follows:

- CSLP loan authorized	- $1,108
- provincial grant	- $ 739
- provincial loan	- $ 156
Total aid	$2,003

The difference of $364 between need and aid ($2,367 less $2,003) is unmet need. It arises primarily because of ceilings placed on the amount of loans and grants in individual cases.

There has been a reduction during the seventies of the percentage of the student population who received aid in the form of loans. The average size of individual loans has grown but at a rate less than increases in the Consumer Price Index. When calculated in constant dollars in order to adjust for inflation, there has been a downward trend in the average size of loans. The number of students receiving non-repayable aid in the form of grants and loan remissions grew until the mid seventies and then levelled off. The average size of grants and remissions has been rising in actual dollars but, in constant dollars, showed no clear trend during the seventies. Generally, the percentage receiving aid was higher in the first half of the seventies than in the second half. Half of all those who completed their post-secondary education in the period 1971-75 received aid. This fell to 44% for those completing in 1976-80.

Characteristics of aid recipients: A survey sponsored by the Task Force found that some 378,000 individuals (excluding Québec residents) reported they had attended school outside Québec full time in 1980. Of these, 37% had received aid (either a loan or grant) at some time, not necessarily in 1980. About the same percentage of men and women had received aid. Married students of both sexes were considerably higher users of aid than were single students. Married students at the university level were particularly high users of student aid with some 64% receiving loans and/or grants. In general, the percentage of aid recipients was higher at universities than at community colleges. One reason is simply the greater length of most university programs.

Student aid was directed to students from low income families. About half of students whose household income was less than $15,000 received aid while only a small percentage of those whose household income was over $25,000 received aid.

International experience: The Task Force examined student aid programs in other countries. The main conclusions were:

- Canadian student aid policies and programs are in the mainstream of international experience. This means that there is enough similarity among the different countries to allow us to consider borrowing relevant features of foreign programs and using some of the findings of international research; however, no country appears to be sufficiently ahead of Canada to provide a general model for application in this country.

- The experience of other federal countries, because of differing constitutional arrangements, does not provide any obvious lessons or new directions with respect to federal-provincial roles and responsibilities.

- There appears to be no single "best mix" of loans, grants or other aid for purposes of meeting the direct objectives of student aid programs; the "best mix" seems to depend on external factors which vary from country to country.

- The objectives, principles and issues addressed by the Task Force are similar to those addressed by other countries in studying their student aid policies and programs.

Other federal-provincial arrangements: The Task Force compared the federal-provincial arrangements for administering and financing student aid with arrangements in other program areas. Compared to other programs, student aid appears to be uniquely complex, with administrative arrangements that call for:

- the provinces and territories to administer programs which they finance directly (e.g., a provincial grant program) and part of a program which is financed by the federal government (i.e., the original allocation of CSLP eligibility certificates);
- the federal government to be responsible for administering part of a program which it entirely finances (i.e. the payment of interest on individual CSLP loans and the follow-up of loan defaults).

However, the existence of complex administrative arrangements is not necessarily bad. Other federal-provincial administrative arrangements do not provide direct models for student aid since they are all deeply rooted in their own particular institutional and program environments.

Past studies of student aid: There have been many studies in Canada dealing with student aid. In reviewing these past studies, the Task Force concluded that:

- Studies of student aid in Canada have, on the whole, supported the view that student aid programs are intended to meet equal opportunity of access objectives by providing aid for financially needy students.
- Nearly all studies see the role of government aid as one of supplementing the overall resources of the student. The changing role of parents in contributing financially to the cost of their children's post-secondary education continues to be a topic of considerable concern.
- Most studies agree that government aid should take the form of a mix of both loans and non-repayable aid. In the sixties, a number of studies proposed non-traditional schemes, such as basing aid on loans with repayment tied to current income. Interest in such schemes seems to have faded in the seventies as the new challenges facing the post-secondary system were increasingly seen in terms of minimizing the impacts of declining enrolment. However, there has been some continuing interest in income contingent repayment plans.
- Consistent themes in past studies have been the need to extend aid to part-time students, to increase awareness of aid programs particularly to secondary students, to ensure portability and interprovincial consistency, and to keep the amount of aid at a level which reflects real costs.

Current views: The heart of the Task Force's work was its review of current views as determined by submissions to it from interested groups and individuals and by sample surveys of the general population and of the student population conducted by Statistics Canada on the Task Force's behalf. A parallel survey was conducted by the Québec Ministry of Education at the same time. From these sources, the Task Force found that:

- There was widespread public support for the main principles on which existing student aid programs are based, namely that government aid is to supplement the resources of students and parents where needed, that aid should be a combination of loans and grants and that the means test should count both the income of parents and students. With few exceptions, these views were held by most individuals in all provinces and in all age, sex and income groups. Preference for these arrangements existed for those who themselves were or had been post-secondary students, for parents of post-secondary students as well as non-parents, and for those who have had some experience with student aid and those who have not.

- Those who are now post-secondary students share the view that students and parents should pay student costs with government aid if needed. They expressed even greater support than the public at large for a combination of repayable and non-repayable aid, but unlike the general public almost the same number of students felt that the student's income only should be taken into account in the means test as felt that the income of both parents and students should be taken into account.

- The intended audience for the CSLP and associated provincial programs (those under the age of 35 who had attended a post-secondary institution) agreed with the following statements:

  - more opportunities for part-time work should be provided in order to reduce the amount of financial aid to students;

  - government aid should be available to part-time students as well as full-time students;

  - the conditions for repayment should be based on the borrower's ability to repay.

  However, they disagreed with the statement that

  - students who successfully obtain a degree, diploma or certificate should have to repay only a portion of their student loan.

- Of those who had received student aid, some 78% of those expressing an opinion felt that they had received some benefit from the program and 19% indicated they had experienced a problem. The main benefit was that the program allowed the student to attend. The major problem was insufficient aid.

- Submissions to the Task Force largely corresponded to public opinion regarding the purposes of student aid. There was general support for the principle that government aid should supplement the resources of students and parents and that a means test continues to be needed.

- Submissions indicated that there was widespread identification of the following problems:

  - because of aid ceilings, insufficient aid was reaching a significant minority of students, particularly self-supporting students who themselves had dependents;

  - aid should be extended to part-time students and those taking short courses;

  - the present approach to student self-support status and parental contribution was increasingly out of date and causing real hardship;

  - more uniformity among provincial programs and their benefits was needed;

  - portability was a problem;

  - there should be greater awareness of aid programs, particularly among secondary students;

  - present cost allowances within the means test should be reviewed, particularly with regard to regional differences.

- Submissions differed on the kind of aid that should be provided. Perhaps the largest number of submissions supported (or accepted) the continued existence of programs that combined guaranteed loans and grants along existing lines. However, two large associations presented cases for a new approach to aid. The Association of Universities and Colleges of Canada recommended the establishment of a bursary scheme but with recovery on an income-contingent basis. The National Union of Students recommended an all-grant program.

12.2 Review of Existing Programs

The Task Force reviewed existing programs with particular emphasis on identifying problems that should be resolved in future programs. The review consisted of a systematic examination of the major issues associated with each of the objectives and principles of student aid programs. In this concluding chapter, the results of this review are briefly summarized under the headings used in the Task Force's mandate. More detailed statements of the Task Force's conclusions can be found at the end of each section of Chapter 8.

Financial needs of students: The Task Force concluded that existing programs largely met the objective of allowing qualified financially needy students to participate in post-secondary education without undue financial hardship. Aid is being channelled to needy students where it is an important and likely necessary form of financial support. However, there are problems that do require remedial action. The most important of these is that, owing to ceilings placed on aid, a student's assessed need as calculated by the means test on which the programs are based is not always met. Unmet need is primarily concentrated among married students and single parents who must support dependents. Other problems arise from the use of standard allowances for costs and standard expectations regarding resources. The use of standards may provide too much aid to some and too little to others. While some problems of this sort seem inevitable, the Task Force nevertheless identified several areas where changes would seem to be desirable, e.g., the use of firm, annually adjusted and carefully monitored limits and standards for each cost and resource component of the means test rather than reliance on an arbitrary overall aid ceiling, adding a regional dimension to maintenance allowances, and using a more direct approach to determining dependence and independence. Another problem is the present exclusion of part-time students.

Accessibility: While existing programs are working reasonably well in providing needed aid to disadvantaged students who have decided to participate in post-secondary education, they are not likely very effective in increasing overall participation levels or, in themselves, in increasing the representation of lower income or other disadvantaged groups in post-secondary institutions. The word "accessibility" is often used to encompass these objectives of encouraging full participation and equality of opportunity to post-secondary education. Direct financial considerations are not the most important factors in most participation decisions and, accordingly, student aid programs are best seen as necessary but not sufficient elements in overall policies to reduce inequalities in the post-secondary system. The programs are necessary, but once in place, marginal changes such as making aid somewhat more or less generous are not likely to have much effect either on the decision to participate in the first place or on decisions to complete the course once enrolled. The Task Force felt that accessibility objectives could be best furthered by promoting greater public awareness of aid programs, particularly among secondary students and the parents of both primary and secondary students.

Student debt load: The Task Force found that student debt loads were generally not large and that relatively few students indicated they had encountered difficulty in repayment. However, there are some cases where legitimate debt load problems do exist (the unemployed, the handicapped, etc.) and the Task Force felt that separate procedures to handle these situations would be better than the present regular collection procedures.

Portability was identified as a problem in that students often cannot obtain grant aid for study outside their home province. However, this apparently did not create difficulties for many students.

Compatibility of the various forms of financial assistance: Because the federal and provincial programs are administered by provinces using jointly agreed criteria (except in Québec), the Task Force found no incompatibility in terms of meeting a particular student's financial needs. However, the flexibility allowed in interpreting criteria and the fact that aid mixes vary sharply from province to province raise general questions of equity and consistency, quite apart from portability concerns. As well, the Task Force looked at the compatibility of the needs-based programs that came under its mandate and at other forms of government assistance to post-secondary students. Student aid programs, per se, are only one of the vehicles by which governments at both levels assist students and their parents (direct grants to students for various purposes, summer job creation programs and income tax deductions are others). Although the objectives of these programs overlap to a certain extent and the programs may affect the same students, there are no mechanisms in place to examine how these programs interact in practice, let alone to coordinate them.

Other topics: The Task Force found that existing programs were reasonably satisfactory when it came to interest rates charged on loans, the collection practices used, appeal procedures, and information management practices. Particular problems include delays in providing aid; the need for better ongoing monitoring information on the operation of the programs; a revision to the family contribution table such that a single parental contribution is needed regardless of the number of post-secondary students in the family; a need for better visibility regarding the role of governments in providing aid, particularly aid in the form of loans; and greater attention to minimizing the number of loans declared in default. The present emphasis on audit and verification must continue.

12.3 Review of Future Trends

The Task Force's review of likely trends over the next decade indicated nothing that calls for major changes in the objectives and principles identified in Chapter 7. The demand on the programs will likely stay at about present levels, even if aid is extended to the growing number of part-time students. Within a particular program, student costs are likely to stay unchanged over the next decade (in constant dollars). There may, however, be changes in the composition of the student body that could somewhat increase the average level of need. Need could also increase if there is a strong movement in the eighties towards the trimester system and other forms of year-round education, which would reduce resources from a student's own earnings. Data should be collected for a policy review of the appropriate role of student aid in year-round education.

As for financing student aid, the Task Force assumed that the present atmosphere of fiscal and financial restraint would continue for some time and therefore considered no alternatives that involved additional expenditures over and above the cost of keeping up with inflation or with changes in the size of the post-secondary population, unless there could be a clear demonstration of the additional benefits of such a program or unless compensatory reductions in other programs were also proposed.

The Task Force felt that aid programs should be developed in a way that would be consistent with other government student support programs. Work-study programs should be introduced on an experimental basis. There should be more flexible provisions for dealing with legitimate loan repayment difficulties.

12.4 Objectives and Principles for the Future and Alternatives

The Task Force identified five alternative plans for future aid programs. The plans have much in common. They all share the same objectives and principles and the same criteria for determining eligibility and need. They differ in the type of aid provided.

The articulation of the objectives and principles used in each alternative was the result of a review of the objectives and principles of existing programs, together with views expressed in past studies, and in submissions to the Task Force regarding desirable objectives and principles. Public opinion, both of students and the population at large, was also examined for key aspects of objectives and principles. The Task Force has some confidence that there is widespread support for the objectives and principles identified for use in future programs.

Most of the concrete problems identified in submissions to the Task Force would be resolved by the proposed common features that would be incorporated in all the alternatives suggested. Some of the most important of these are:

- the removal of arbitrary annual overall ceilings on aid in favour of the use of firm, annually revised and carefully monitored limits and standards on each of the cost and resource components of the means test;
- the extension of aid to financially needy part-time students;
- the identification, for purposes of further discussion, of three options for determining self-support status;
- strengthening public information about aid programs among secondary students and among the parents of primary and secondary students;
- a proposal for wider introduction, on an experimental basis, of work-study programs;
- a proposal for greater coordination among government programs that provide aid to post-secondary students whether or not related to financial need.

Other problems identified in submissions to the Task Force could be resolved only at a subsequent stage of program development. A number of concerns related to efficiency and responsiveness fell into this category and, for purposes of illustration only, the Task Force described a two-stage application process to indicate how some of these concerns could be addressed.

Finally, certain concerns relating to equity and the possible existence of a national plan, to student debt load, and to government budgetary considerations can be dealt with only through the selection of a particular plan. The alternative plans developed by the Task Force may appear to represent a fairly limited range of types of program; all involve a means-tested program of loans and/or grants. The reason is that the Task Force presented only alternatives for which there was serious support. Other approaches like tax credits, or voucher schemes, or universal programs (i.e., removal of the means test) were not seriously suggested in any submissions to the Task Force. Nor could the Task Force identify any 'non-traditional' approach that appeared to offer any significant advantage over loan and/or grant programs. The Task Force is reasonably confident that most interested groups and individuals would be prepared to support at least one of the five alternative plans presented in this report.

APPENDICES

APPENDIX 1 - Terms of Reference and Covering Press Release

S-02/80-44 PRESS RELEASE February 15, 1980

FEDERAL-PROVINCIAL TASK FORCE ON STUDENT ASSISTANCE DEVELOPS BROAD MANDATE FOR STUDY

OTTAWA -- Patrick McGeer, Chairman of the Council of Ministers of Education, Canada (CMEC) and Secretary of State David MacDonald announced today in Ottawa and Toronto the terms of reference of a Federal-Provincial Task Force on Student Assistance.

The formation of the task force was announced last October. It will investigate current and proposed programs for government loans, grants and other forms of financial assistance for post-secondary Canadian students. In order to get as wide an input as possible in the allotted time frame, briefs will be invited from interested groups, individuals and students. Both Mr. McGeer and Mr. MacDonald emphasized the importance that will be attached to full consultation with student bodies.

The task force's mandate (attached) is to examine the total question of post-secondary student assistance in all provinces except Québec, which administers its own student loan program. Since financial aid is provided by both federal and provincial governments, principles and objectives underlying the existing programs at both levels of government will be examined as well as the adequacy and appropriateness of these programs.

In formulating alternatives for the continuation, modification or replacement of the existing federal and provincial government policies and programs, the task force will enquire into several specific problems encountered by students such as student debt-load and equal access to student aid across the country.

The task force, composed of officials from the Department of the Secretary of State and participating provincial departments of education, expects to submit a report by late Fall of 1980.

MANDATE
FEDERAL-PROVINCIAL TASK FORCE ON STUDENT ASSISTANCE

Given that the federal and provincial governments provide financial assistance to Canadian students at the post-secondary level of education, the Council of Ministers of Education, Canada and the Secretary of State have established a Task Force on Student Assistance which shall:

1. review existing federal and provincial principles and objectives concerning such public financial assistance with a view to determining those principles and objectives which should underlie the provision of such assistance;

2. review the adequacy and appropriateness of existing federal and provincial programs of assistance, including such con-

cerns as accessibility to post-secondary education, the financial needs of students, student debt load, and portability and compatibility of the various forms of financial assistance;

3. formulate alternatives for the continuation, modification or replacement of the existing federal and provincial government policies and programs;

4. report both to the Council of Ministers of Education, Canada and to the Secretary of State by the Fall of 1980.

In carrying out its work, the Task Force shall take into account demographic and student participation projections, jurisdictional and special regional considerations, provincial and federal fiscal and financial realities and other matters relating to the operation of student assistance programs.

APPENDIX 2 - Current CSLP Criteria

There are some basic conditions which must be met to qualify for a loan. The student must:

- be a Canadian citizen or be a permanent resident who has lived in Canada for 12 consecutive months before beginning the study for which the assistance is to be provided. Anyone in Canada on a student visa is not eligible;
- be a full-time student, who is carrying at least 60% of a full course load. Aid is limited to 10 academic years or 20 semesters after the first Canada Student Loan has been obtained; and
- have enrolled in a qualified post-secondary institution anywhere in the world that has been designated by the province for a course of at least 26 weeks (13 weeks may be acceptable if the course is part of a larger program).

Basic to the CSLP and the provincial plans is a classification scheme relating to the extent to which parents are expected to finance a student's post-secondary education. Although age 18 is generally considered the age of majority in Canada, students are not considered automatically to be independent of parental financial support at that age. In consideration of the realities of parental contributions and the funding available for this program, the following classification system has been established:

Group "A" Students - All students are considered Group "A", that is financially dependent upon their parents, unless they qualify as Group "B" students.

Group "B" Students - Group "B" students are considered to be financially independent of their parents by virtue of:

- having completed any combination of academic years of post-secondary schooling and of 12 consecutive month periods in the labour force which adds up to four at the beginning of the term for which aid is sought; or
- having completed two periods of 12 consecutive months in the labour force at the beginning of the term for which aid is sought; or
- being married; or

- having no parent or guardian (parent or guardian is dead or has disappeared).

Maximum limits are placed on loans. The CSL limit is $1,800 per year ($900 per semester) to an overall maximum of $9,800. There is also a maximum set for the total amount of all loans that can be authorized under the Canada Student Loan Act.

In determining the amounts of assistance required, the following expenditures are considered:

(a) fees - all compulsory or obligatory fees;

(b) prescribed books and instruments;

(c) board and lodging for single students. For married students, a Basic Maintenance Allowance, calculated to cover the costs of the family, is deducted from the family income. A negative remainder becomes a cost under item (h) below; a positive remainder becomes a contribution towards the student's education under item (j) below;

(d) miscellaneous (laundry, personal care) for single students only excluding single parents;

(e) local transportation;

(f) return transportation for students attending institutions outside their home district;

(g) medical insurance where required;

(h) negative maintenance allowance for married or single parent students (i.e. where expenditures exceed resources);

(i) exceptional costs.

In determining the amounts of assistance required, the following resources are considered:

(j) family contribution

- for Group "A" students - an amount related to a parent's or guardian's income, the number of children in post-secondary institutions and, at the province's discretion, the value of assets;

- for single Group "B" students - parental contribution is not required but it is counted as a resource if reported;

- for married Group "B" students - an amount based on total family income including spouse's income and total assets;

(k) student contribution - from summer and part-time earnings - based on a formula linked, at provincial discretion, either to gross earnings or to the minimum hourly wage;

(l) scholarship or merit awards in excess of $500;

(m) bursaries or other awards based on need;

(n) income from investments or other revenue-producing assets.

APPENDIX 3 - Provincial Programs

The main features of the provincial programs have been described in Exhibit 1 in Chapter 3. Following is a description of some of the major administrative differences among provincial programs and some of the supplementary aid programs not found in Exhibit 1. There are many minor differences which are not described.

BRITISH COLUMBIA - Basically uses CSL criteria. Grants are available to undergraduates going outside the province only if courses are unavailable or oversubscribed. Graduate students and private school students are eligible for a loan only. Students are normally allowed one return trip if they must attend school away from home. Allows the student the requested amount rather than the assessed need. Offers a Work-Study Program (687 persons aided in 1979-80) and a Special Assistance Program for those not qualified under the regular programs (59 persons aided in 1979-80).

ALBERTA - Basically uses CSL criteria. Has a three-year independence clause for Group "B" applicants seeking provincial assistance. There is a range of supplementary programs, including bursaries for part-time students. Provincial program is portable for graduate and professional students or for undergraduates whose courses are not available in the province. Student contribution is based on the remaining student earnings after expenses. A loan remission program is available after leaving post-secondary education.

SASKATCHEWAN - Basically uses CSL criteria. Takes a contribution from net worth. Assesses married students where both are students with no children as single independent students. Only certain courses outside the province are designated for bursary assistance. A Saskatchewan Loan Program is available to students in programs in the province which are not eligible for Canada Student Loan designation as they are not at the post-secondary level (136 students aided in 1979-80). Students are required to complete a Statement of Assets and provide confirmation of actual earnings.

MANITOBA - Basically uses CSL criteria. Manitoba aid is not available to students in Bible colleges or private institutions nor to undergraduates attending institutions outside the province unless the program is not offered in Manitoba. Takes a contribution from net worth. Does not allow married students to exempt any portion of earnings. Canada Assistance Program aid is available to students. Bursary assistance is limited by the number of years in a level of study. Requires copies of income tax returns. Student contribution is verified. Deferred bursaries are applied against the Canada Student Loan indebtedness. A supplementary Manitoba Student Loan Program provides assistance to students who have exhausted their CSL eligibility (seven students aided in 1979-80).

ONTARIO - Uses CSL criteria for CSL except that in 1980-81, the allowances are from the 1978-79 CSL Criteria and that assets of all students and parents are taken into account. However, separate and more strict criteria are used for the Ontario Study Assistance Program. This program is available to students for the first eight semesters. For single Group "B" students the limit is $1,000 per semester while Group "A" and married students may be allowed a maximum grant of $2,500 per semester. A supplementary Ontario Student Loan Plan is available to students not eligible for the CSL or where CSL maximum is not enough (13,500 students assisted in 1979-80). There is also an Ontario Special Bursary Plan for such groups as low income earners, single parents, etc. (1,200 students aided in 1979-80). The Ontario student grant is generally portable throughout Canada for publicly supported institutions. Ontario verifies the information on application forms through income tax returns.

QUEBEC - The CSL criteria do not apply; however, in order to ensure available assistance to all students, residency rules are the same as for CSL. Although Québec has similar criteria, its assessment practice is to use a total budget concept for all students. Québec assistance is not generally portable outside Canada, although certain institutions which do not exist in Québec are approved. Institutions approved for bursary assistance outside Québec include the Maritime universities and French-language institutions. There is a supplementary bursary program for handicapped students (536 students aided in 1978-79).

NEW BRUNSWICK - Basically uses CSL criteria except for a stricter calculation of a student's contribution if the student lives at home when working. Earnings are required to be verified. Allows a lower amount for board and lodging at home. A New Brunswick Bursary is portable all over the world, except at private institutions. Only one return trip home is allowed. Pre-verification is done on all applications. Provides a loan remission program. Married student is not allowed a deduction for Unemployment Insurance contributions. Income tax is deducted only from spouse's income. Basic medical/dental allowed is $100. Allows the student the lower of the requested amount or the assessed need.

NOVA SCOTIA - Basically uses CSL criteria but is more stringent with respect to summer savings and requires proof of earnings for the bursary portion. Bursaries are portable outside the Atlantic provinces only for professional, graduate and unavailable undergraduate programs. Income tax forms are required for pre-verification. Medical/dental expenses are allowed up to $100 without receipts. Allows the student the lower of their requested amount or the assessed amount. Student is allowed a lesser deduction for Unemployment Insurance contributions.

PRINCE EDWARD ISLAND - Basically uses CSL criteria and otherwise a similar system to that in New Brunswick, but without the remission program. Independent single students are allowed full room and board at the away-from-home rate when they live with parents.

NEWFOUNDLAND - Uses CSL criteria basically. Students studying outside Newfoundland whose courses are available in the province are required to take a larger loan than those in province. Proof of summer earnings is requested as are income tax returns.

APPENDIX 4 - List of Organizations and Institutions Making Submissions to the Task Force

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In addition to the above, about 140 individuals sent letters on general matters relating to the mandate and work of the Task Force.

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